WORLD POLITICS

A Quarterly Journal of International Relations

Volume VI, Number 3 April 1954

Price $5.00 per year

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The editors invite the submission of articles bearing upon problems of international relations. Editorial communications and manuscripts should be addressed to WORLD POLITICS, Woodrow Wilson Hall, Princeton, N.J.

Circulation and Advertising: WORLD POLITICS, Princeton University Press, Box 231, Princeton, N.J.

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WORLD POLITICS. Published quarterly by Princeton University Press. April 1954. Vol. VI, No. 3. Entered as Second Class matter in the Post Office at Princeton, New Jersey, under the Act of March 3, 1879. Printed in the United States of America by Princeton University Press. Subscriptions $5.00 per year (two years $8.50); single copies $1.50. Foreign postage 25 cents additional per year.

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VOL. VI • APRIL 1954 • NO. 3

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ECONOMICS AS THEORY AND IDEOLOGY

By H. VAN B. CLEVELAND

THERE is not a great deal to be said about economics which is truly universal. One can say that economics is the study of economic systems. Economic systems can be defined as systems of human actions concerned with the production and the distribution of goods and services which are scarce relative to the wants of the community. But statements of this kind, which attempt to define the economic aspect of human society in universally valid terms, are far too general to serve as premises from which an economic theory, useful for understanding actual economic problems, can be logically deduced. To have theory, one must start with premises and assumptions about some particular economic system, historically given, or some particular kind of economic system. The great bodies of economic thought of the Western world—mercantilism, classical and neo-classical economic liberalism, and the various schools of Marxist economics —have been theories relevant to particular economic systems: those, let us say, of the Western world in the seventeenth, eighteenth, and nineteenth centuries.

I

What is here meant by "relevant"? There are two quite different senses in which a body of economic theory can be said to be relevant or irrelevant to an actual economic system. In one meaning, theory is relevant to the extent that it is factually true. It is true to the extent that its premises or assumptions are a correct though highly generalized description of the economic system in question. It is true if the specific principles or laws that it deduces from its assumptions describe invariant relations which can be observed in the economic system and which therefore provide some basis for predicting the system's future work-

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ings. Relevance in this sense means scientific truth: generalizations which can be empirically verified.

The second sense in which an economic theory may be relevant or irrelevant to an existing economic system is less obvious. Science is not the search for truth purely for its own sake. Science seeks truth about the material world and about man and society primarily for the sake of action—for the sake of furthering human purposes. Some scientific truths are socially useful because they point out causal relations which can be employed as means for the achievement of important social ends. Others are less so. The ancient Greeks knew that the force of expanding steam could be made to do work. But this knowledge, which led the modern world into the Industrial Revolution, served no economic purpose in the ancient world; so it remained an irrelevant curiosity. Whether theory is relevant in this second sense depends, therefore, on whether it is socially useful to the society in question.[1]

Whether the natural sciences are socially useful is purely a matter of whether they point out causal relations helpful in selecting means to important social ends. For the social sciences, however, the matter is more complex. Unlike the natural sciences, the social sciences deal with a subject—human society—whose essential structure is not, like that of physical matter, unchanging. Human societies cannot be analyzed in terms of a relatively few universal and unchanging principles like the laws of physics or biology. Social laws, so called, are patterns of structure or trends of change observable in a particular society over a particular span of time. They reflect, to be sure, those slow-changing and universal biological and psychological needs and dispositions of men which make up the material aspect of what we call human nature. But they reflect them in ways which are highly variable—which are, unlike the laws of physics or biology, modifiable and continually being modified by free human creativity.[2]

[1] This is not, of course, to deny that scientific truth for its own sake (like beauty) is not or should not be a valuable human end. Science (like the arts) is a valuable human activity not only for its social utility but also for its own sake. In general, however, societies—particularly modern Western society—allocate many more resources to applied science than to theoretical, or fundamental, science.

[2] It is doubtless true, as Whitehead says, that there can be spontaneous creativity in the biological and even the physical realms which results in the emergence at extremely

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Social theories which deal with relations and problems of a quite limited kind—limited to a few stable relationships which persist over relatively short periods of time—can ignore this essential difference between human society and the physical and biological worlds. For such limited social theory, the test of relevance is the same as that for the physical sciences: empirical truth and usefulness in indicating means to socially important ends. But where, on the other hand, a social theory purports to be more general or even universal in character and to deal with extended periods of time, then its propositions have, unavoidably, a normative as well as a factual aspect. They are then both description and prescription. For human society is not truly describable in universal and timeless principles.[3] Social theory which applies such principles to a society may be descriptively true in part, or even wholly true for the moment. But it is also a statement of an ideal—of a set of relations which it would like to bring into existence or to preserve indefinitely.

This may be illustrated by the classical economics and by Marxist economics. The classical economics, when it was created by Adam Smith, Ricardo, and J. S. Mill at the turn of the eighteenth century, was descriptively true in very limited degree of the economic system of England and the Western world. It was not, however, intended to be merely descriptive. It was, and was intended to be, a prescription for a certain kind of economic system, based on free market capitalism, which its authors could see in embryo in their times and which they held out as an ideal —a norm of social reform. Later in the nineteenth century, when market capitalism had largely displaced traditional economic institutions in the West, the classical economics was descriptively much more true than it had been when *The Wealth of Nations* was written. And by then it had become a prescription for preservation of the existing economic system. Similarly, when Marx wrote his *Capital*, the trends he described as "inevitable and uni-

long intervals of new patterns of structure (laws). From a human standpoint, however, physical and biological laws appear as immutable conditions of existence.

[3] Contemporary philosophy has pretty well demolished the positivistic premises of the search for universal laws of social and economic development. Nevertheless, the hope persists among some social scientists that such laws may be discovered after more data about social and economic change have been accumulated.

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versal laws" of capitalist development existed (e.g., the increasing concentration of economic power owing to the technical advantages of large-scale productive units, and the intensified exploitation and class struggle which would result), but they were not very marked characteristics of the economic system of England of his time. He observed them in embryo and projected them into the future as a prediction. But they also served as prescriptions—as an apocalyptic ideal—because, in Marxist theory, these "laws" led inexorably to revolution and to the classless utopia of Communism.

> Economic thought is a political force. It determines and orientates economic and political action. Moreover, it is a power in its own right, and not, as Marx thought, just a reflex of prevailing economic and social conditions. Certain fundamental convictions, such as the belief that economic policy inevitably develops central planning, are formative historical forces.[4]

Because major bodies of economic theory have this normative character in addition to their descriptive aspects, the question of their social utility also has a normative dimension. Their social utility depends not only on their ability to point out useful means to socially important ends. It depends also on their capacity as norms to serve important social interests. An economic theory is relevant or useful in this sense if, in its normative and prescriptive aspect, it can serve to express the interests, purposes, and values of a powerful social group, class, or nation. Its ability to do this effectively depends to some extent on its factual truth—i.e., on its ability to point out causal relations which permit successful prediction and the correct selection of means. But it depends also on its capacity to serve as an instrument of the social interests, purposes, and values of important groups, able to act. And the relevance of an economic theory depends on its capacity to persuade, on its ability to actualize and preserve its prescriptions in history against the inertia of older institutions and the active oppositions of other group interests.

Relevance or irrelevance of theory to a given economic system and historical situation is thus both factual and what may be

[4] Walter Eucken, *This Unsuccessful Age*, Edinburgh and London, 1951, p. 83.

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called *ideological*. There is, as Niebuhr says, "an ideological element in all human rational processes."

The notion that economic theory or other social theory can be in part factually true and at the same time ideologically relevant or irrelevant may seem, perhaps, an unfamiliar one. But this, I believe, is because we have been accustomed, in the positivist manner, to think of social theory as entirely analogous to theory in the natural sciences. Two complementary errors flow from this false analogy. One is the positivists' assertion that, like theory in the natural sciences, social theory has no inherent normative aspect or, if it has, this aspect can be fully discounted—and is hence irrelevant—in actual analysis. The second is the Marxist error of arguing that questions of value and ideology are central features of the natural sciences as well as of the social sciences. In consequence, the Marxists commit the foolishness of having a Marxist biology and a Marxist physics, while the positivists labor under the self-imposed restriction of distinguishing between liberal economics and Marxist economics solely on grounds of factual truth. Since, however, neither Marxist nor classical liberal economics can today lay claim to much scientific truth, the distinctions between them on purely factual grounds are not very significant. It is the distinctions between them on grounds of ideological relevance to contemporary problems—and of moral validity—that are important.

The dual normative and factual character of social theory may also be looked at from a different angle. We may say that an economic theory is congenial to particular social groups owing to its relevance to their economic problems in a particular historical situation. Any problem of society is a contrast between a state of fact and an unrealized human want or purpose. What makes a problem economic is that it involves unsatisfied wants for economic goods and services. Every group in every historical period has its own characteristic economic problems—the particular ways in which the existing economic system fails to satisfy its most urgent economic interests. The important, the typical, economic problems of a particular period are the ways in which the economic interests of the most active and dominant groups are

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unsatisfied. Thus, in England in the late eighteenth and early nineteenth centuries, the central economic problem was the interference of traditional institutions and mercantilist state policy with the desire of the rising business groups for economic freedom. The classical economics was highly relevant to this situation and was historically effective in working a great change in the traditional economic system. It was effective not because it was descriptively accurate at the time. It was effective because it prescribed a kind of economic system which was attractive to this powerful rising interest, and because its norms of welfare and economic justice, or its promise of military power, were persuasive to other active elements in English society.

> The economist is not merely an observer, detached from the stream of economic events. The great economic systems, such as mercantilism, liberalism, Marxism, or even that most recent development of economics, interventionism, are all systems of economic theory, yet they are not the abstract creation of scholars floating on air above the struggle waged in the field of actual social life. These systems developed out of historical situations. Mercantilism may be called the economics of absolutism; liberalism the economics of the aspiring bourgeoisie; Marxism the economics of the proletariat in process of emancipation. And the systems in turn had an influence on historical development. The problems arise from the stream of historical events, pass through the realm of science and in turn constitute one of the forces shaping historical development for good or evil.[5]

For good or evil. Beyond the question of relevance and effectiveness is the question of whether an economic theory—in its normative aspect—leads to action and policy which are ethically progressive. I mean ethically progressive not simply in terms of the values of a particular group or national ideology but in a more general sense, philosophically or religiously. Clearly, an economic theory may be both factually and ideologically relevant and at the same time ethically retrogressive; e.g., the economic theory of Fascism or that of Soviet Communism. Both have been highly relevant, as the history of this century has proved. They are wrong not because they are irrelevant to the economic problems which Fascist and Communist leaders have posed for them-

[5] Gerhard Colm, "Economics Today," *Social Research*, IV (May 1937), pp. 191-92.

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selves. They are wrong morally because they serve ethical ends which are inferior and retrograde, which deny justice and human freedom for the sake of the power of a Nazi or a Communist Party bent on the enslavement of the world. Nor is this moral judgment on Soviet economics only a matter of contemporary ideology or group interest. It is a more absolute judgment in terms of the ideals of Western culture as a whole, whether we find their inspiration in a secular humanism or, more profoundly, in Christianity. Ethical quality, then, as well as relevance, is a standard for the testing of economic theory. Economic theory which is relevant and which measures up to a standard of ethical progress that we believe in, we may call valid theory.

These, then, are criteria by which social theory may be tested. With their aid, let us examine briefly certain premises and assumptions of traditional and contemporary economics.

II

Classical and neo-classical economics have a rigorously deductive character. Their main propositions and theorems are deducible from a few axiomatic assumptions and these in turn derive from more basic psychological and sociological premises.

Classical economics grew out of utilitarianism and rests on a utilitarian psychology and sociology. On the psychological level, it is assumed that man everywhere and at all times is motivated by a desire to maximize pleasure and minimize pain—more precisely, to maximize the surplus of utility over disutility. Classical economics gives to utility and disutility a very restricted meaning for economic behavior. Utility means the enjoyment of economic goods and services, possessing—in a market economy with division of labor—an objective measure in terms of money. Disutility means the psychic pain and physical effort of labor, also measurable in terms of money. Economic conduct is assumed to be motivated simply by the incentive of, and opportunity for, money gain. Economic choices—choices among alternative uses of one's own or others' labor, funds, and natural resources—are determined by the desire to maximize money gain. Thus, only strictly

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money considerations enter into economic decisions. Only the disutility of labor and the utility of goods and services are relevant to economic motivation. The desire for power or prestige, the effects of power, and all customary, emotional, or ethical considerations are excluded. Man in his economic activities is strictly and solely economic man.

From this psychological premise flows a sociological conclusion. If man as economic man is motivated in this way, the economic system is separate from, unaffected by, and unrelated to other aspects of society. Just as the individual's economic motivation and behavior are something apart from the rest of his motives, wants, purposes, habits, and relationships, so the economy is—or at least can be made—autonomous, unaffected by and unrelated to other institutions. The difference between "is" and "can be" points to the ideological aspect, to which we return in a moment. These premises led to a drastic limitation of the subject matter of economics, for most elements of human motivation and most social institutions could be dismissed as "non-economic"—potentially and ideally, if not actually. This simplification was highly convenient and intellectually productive. It made it possible to deal with economic behavior in broad, simple concepts. Men's economic actions could be averaged, so to speak, into a few unambiguous concepts, such as "factors of production," "supply," "demand," "price," and the invariant principles or "laws" governing their interaction. In later nineteenth-century economic thought, these concepts were almost reified—treated as though they were material entities—and the laws of their interaction were thought of as analogous to the laws of physics.

These psychological and sociological postulates of utilitarianism lead directly to the familiar assumptions on which classical economic theory rests. Take, for example, the assumption of atomistic competition and the assumption of perfect mobility of resources and flexibility of prices. Atomistic competition is usually defined to mean a situation in which no seller or buyer is large enough relative to the market to have any influence over price—i.e., no economic power. This is in fact the market which would exist if each buyer and seller behaved according to a

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strictly utilitarian monetary calculus and could count on everyone else doing the same. Likewise, perfect mobility of resources and flexibility of prices are direct corollaries of the same premise. For, if men act automatically, as it were, according to a utilitarian monetary calculus, they will perforce move quickly and surely to take advantage of even small differences in money gain. And if no one exercises market power, and resources are highly mobile, prices will be highly flexible. All this is no doubt quite familiar, but we often overlook the logical dependence of these axioms on utilitarian psychological premises.

Reasoning from these assumptions, the classical economists and their neo-classical successors set out to demonstrate two momentous conclusions. The first was that—given perfect economic freedom, i.e., complete autonomy of the economic system—the system will produce as much of the goods and services desired by the community as is possible with a given technology and natural resource base. This demonstration was carried out almost entirely in static terms. It proceeded on the assumption that the supply of capital and labor and the "state of the arts" were unchanged. It is interesting that the classical economic theory, created at the beginning of the period of the most vigorous economic growth the world had ever seen, was not explicitly more concerned with economic growth. The reason is ideological: the classical economists were primarily interested in proving the value of economic freedom. They did not foresee the possibility of, much less the need for, tremendous economic growth in a system of market capitalism.

Along with the proof that the economic system will achieve maximum output under conditions of economic freedom went a second conclusion: that the economic system will also achieve automatically a perfectly just distribution of real income. This conclusion can be derived from the utilitarian view of economic behavior, provided one further premise is added, namely, that everyone has equal access to the means of production. On that assumption, it can be rigorously demonstrated that atomistic competition will distribute real income to each in proportion to the market value of his labor—to each according to the value of

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his work to the community, as measured by a perfectly competitive market for labor and for goods. But this proof depends on equal access to the means of production. The classicists were writing before the days of large-scale industry with its massive accumulations of capital in plant and machinery, and long before the days of important industrial market power. The problem of unequal access to the means of production was for them only the problem of unequal access to land, with the attendant difficulty that better land yields rent which is unearned income having no relation to the market value of the owner's labor. They wrestled with this logical flaw in their demonstration of perfect economic justice but they could not overcome it.

The classical economists thus demonstrated that (apart from land rent) distribution would be perfectly just in terms of the market value of labor. They added another important thought to this, derived from the principle of diminishing utility. This familiar principle holds that each increment of any economic good or service added to a consumer's supply yields him a diminishing increment of enjoyment. Before the day of pressure groups, sales promotion, and rapid "product innovation," this principle seemed to set a natural psychological limit, and a relatively modest one, to economic wants. For it seemed reasonable to suppose that everyone would be satisfied with his just income and would not be strongly motivated to exploit his fellows in order to accumulate wealth beyond his modest wants, even assuming he had the power to do so. And, assuming atomistic competition, he would lack the power to do so even if he were so minded.

We are apt to forget how concerned with these essentially moral questions the English classical economists were. Their demonstration that perfect economic justice, maximum economic efficiency, and a tolerable satisfaction of all economic wants would be automatic under conditions of economic freedom was an extraordinary intellectual and ideological tour de force. The rigor of this demonstration and its simplicity help to account for the persuasiveness and historical effectiveness of economic liberalism. For here was proof that the fulfillment of

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the interests of the rising commercial classes of the Western world would bring general welfare and social harmony. Here was evidence from economic life of that mysterious natural harmony which Newton had found in the realm of physical matter and Leibnitz in the very structure of the universe. These things are not said here with irony. The classical economics and economic liberalism were not only highly effective in molding history but were, to an important extent, ethically progressive. They were an ideology of social reform. They held up a high ideal of economic justice which has had its effect in Western society and will continue to do so long after the classical economic theory and economic liberalism have been modified beyond recognition. It was only later, in the period of arrived liberalism, that neo-classical economics lost its ethical energy and took on its familiar positivistic philosophical tone. By the latter part of the nineteenth century, liberalism was no longer a reforming social creed. It had become an ideology of the status quo. Systematic concern with the problem of economic justice and social conflict was allowed to pass to the opposition—especially to Marxist economics. It was not until the emergence of welfare economics after the First World War and of the Keynesian school in the 1930's that explicit ethical concern returned to the main stream of Anglo-American economic thought.

III

Although economics in the classical tradition still has, for ideological reasons, considerable vigor, particularly in the United States, contemporary economic systems are not well described by it.

The characteristics of contemporary Western economic systems which distinguish them most sharply from the kind of economic system described by classical and neo-classical economic theory have been the product of two massive historical movements of the last hundred years. The first is industrialization, starting in England in the second half of the eighteenth century and spreading rapidly ever since over the whole of the civilized

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world. The second is the growth of mass participation. This is the historical process by which industrialization, urbanization, and mass education have stirred up the once passive masses of Europe and North America (and now increasingly of the rest of the world) to want and to demand participation in political and economic power. Five characteristics of existing economic systems produced by these two fundamental social changes may be noted:

(1) The process of industrialization has meant, first of all, an irreversible increase in the internal and external interdependence of economic systems. The increasing functional and geographical specialization of production under industrialism—that is, the continuous subdivision of production—has made for an increasing interlocking of economic activities within and among nations. This increasing interdependence is not only functional, as is usually thought; it is also competitive. Producers today, especially in industry, are subject to actual or potential competition from a widening geographical area and from increasingly powerful sources of competition.[6] This is broadly true whether we consider the matter from the viewpoint of a single industrial firm, a national industry, or the whole industrial sector of a national economy. These generalizations apply most characteristically to industry and to the service activities which are closely geared to industry. But they are relevant to much of agriculture as well.

(2) Industrialization has meant that an increasing proportion of production is carried on by large industrial organizations. I include in this wide generalization not only individual firms but other forms of industrial organization such as cartels, trusts, and nationalized industries. Earlier, perhaps, this came about primarily for technical and administrative reasons, to obtain "economies of scale." But in a highly integrated economy, other motives became equally, perhaps more, important—the search for stability and calculability in functional and competitive rela-

[6] As Schumpeter, Galbraith, and Walter Eucken have pointed out from widely different ideological standpoints. I do not mean, of course, that contemporary markets are more competitive than fifty or a hundred years ago in the sense of atomistic price competition.

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tions with other economic units; and the desire for economic power as an end in itself and as a means to monopoly profits and political power.

(3) While industrial production has assumed a highly organized character, distribution too has become highly organized—distribution, that is, in the sense of distribution of income. To put it another way, economic groups which would otherwise be the passive pawns of industrial organizations have organized themselves into powerful claimant bodies, capable of bargaining in the economic or political arena for better terms of exchange in their dealings with industry or for greater participation in the decisions of governments. Industrial labor and farmers in all industrial countries and sometimes other interest groups have managed, as they became conscious of a common economic interest, to achieve through organization a degree of "countervailing power." This power has enabled them to participate in economic decisions over which they would have had little influence as individuals in commodity and labor markets. The organization of claimants has qualified and limited the economic power of large industrial organizations, private and public.

(4) A fourth major characteristic of all contemporary economic systems is, of course, the vastly increased economic role of the national state. National states, whether of liberal, interventionist, Socialist, or Fascist persuasion, or of democratic or authoritarian constitution, have all moved in this same direction. In varying degrees and by widely different methods, national states have assumed responsibility for the stability and growth of the national economy, for economic justice within the national community, and for the economic aspects of national military strength.

(5) These four characteristics are factual in nature. We should recognize a fifth which is normative. For, accompanying institutional changes and the change in the locus of economic and political power—and in part causing them—have been major shifts in socio-economic values and ideals. It is difficult to characterize briefly and accurately the change that has taken place; it has marched under contrasting ideological and political colors

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in different countries. Here it is perhaps enough to say that there has been a major shift away from liberalism's individualistic and laissez-faire conception of economic justice, to a conception of the responsibility of private and public collectivities to provide, within the national community, a more even distribution of income and of economic opportunity and a minimum measure of "social welfare" for the unfortunate.

IV

Clearly, economic systems with these characteristics cannot be truly described by a theory which starts from the assumption that economic behavior is everywhere and at all times motivated solely by the desire to maximize money income and that it is not influenced by economic and political power.[7] For example, the major economic decisions in Western economies today are not made by persons motivated primarily by the desire to maximize profits as individual entrepreneurs. Typically in the United States, and to a lesser extent in other industrial countries, these decisions are made by salaried officials whose aim is to increase the power, prestige, or size of their organizations and to further their own careers as business bureaucrats. In European industry, where the owner-proprietor and the family firm are still prevalent, the owner's aim is only rarely to maximize profits. Far more typically, his aim is to preserve the family business as the economic base of a middle- or upper-class social status for himself and his family.

Recognition of the factual irrelevance of the classical assumptions is having important consequences for contemporary Anglo-American economics. One consequence is methodological: a

[7] Similarly, Marxism has been unable to account for the behavior of contemporary non-Soviet industrial economies, which have fulfilled few, if any, of Marxism's characteristic expectations. These expectations, it should be noted, follow rigorously from Marx's original psychological and sociological assumptions, some of which are quite similar to those of the classicists—e.g., the inescapable impulse of the capitalist class to maximize money incomes—and some quite different—e.g., the assumption that economic classes rather than individual economic men are the significant social units. Moreover, Communist tactics of ideological competition and political subversion constantly belie the central dogma of Marxist social theory that a change in the mode of production is the sole efficient cause of changes in social thought and in the locus of political power.

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turning away from primarily deductive theorizing. The highly deductive character of traditional economics makes sense only if a few universally valid psychological assumptions can be maintained, particularly the postulate that economic behavior is a constant function of the stimulus of prospective monetary gain. If reactions to this stimulus are variable, dependent on changing psychological and social factors, then it is not possible to deduce the particular situation from the general theory, and hence the theory appropriate to each economic situation may be different. In consequence, each situation must be examined to see how far motivation and action accord with the classical assumptions. To that extent—but only to that extent—can the classical theory be used with descriptive accuracy today.

Accordingly, contemporary economic theorizing often takes two quite different but complementary forms. On the one hand, there are efforts to understand quantitatively the economic mechanisms of particular, limited, situations. This kind of theory uses the classical and neo-classical concepts but modifies them to take account of the "non-economic" factors affecting economic motivation and behavior in the given historical situation.[8] On the other hand, there are efforts to understand qualitatively the kinds of "non-economic" factors which are likely to affect economic behavior in many different situations, historical and potential. This kind of theorizing produces lists of the categories of "non-economic" factors which are most likely to be relevant and indicates at what points they are likely to impinge on economic behavior. For example, some of the current theorizing about the economies of underdeveloped countries is of this kind. Walter Rostow's interesting book, *The Process of Economic Growth,* is a good example of both kinds of theorizing.

The content and focus of interest of contemporary economics are likewise changing. The direction of contemporary economic thought—particularly, its concern with economic growth—is a

[8] In mathematical terms, models deducible from the classical and neo-classical assumptions are modified by the introduction of parameters, obtained by empirical observation, reflecting "non-economic" factors. Keynes' propensity to consume is the most familiar example of such a parameter.

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response to the characteristic economic problems we face at home and abroad.

Contemporary national economic systems are subjected to a continuous and frequently inordinate expansion of claims for income and economic security by organized claimant groups. It is characteristic of our times that organized groups, acting as economic claimants, press these claims without much regard for the claims of others or for the effect on the efficiency of the national economy, for its capacity to succeed in international competition, or for its military strength. This phenomenon makes nonsense of the classical assumption that the principle of diminishing utility keeps economic wants within modest bounds. Likewise, national states appear as powerful claimants for favored groups and for military expenditures. It would be difficult to exaggerate the importance of these facts for the economic problems of our times. They create a requirement for a high rate of economic growth which has become, from a political and security standpoint, well-nigh absolute. Western countries which are unable to ease conflicts among powerful economic claimants by a rapid expansion of production are confronted with grim alternatives—the loss of national independence in a military and economic sense, open civil strife, Communist subversion, or the need to abandon democratic liberties and resort to authoritarian political means to reconcile economic claims and maintain political cohesion.

Contemporary economics is accordingly much concerned with the determinants of, and the obstacles to, economic growth. For example, it is concerned with the common, nearly universal, difficulty of achieving or maintaining sufficiently vigorous and constructively oriented economic motivations. It is concerned with the difficulty of getting the advantages of large-scale organization of industrial production while avoiding the disadvantages of great size (bureaucracy) and the dangers of great concentrations of economic power, public or private.

It is concerned with the difficulty of maintaining balance among various economic sectors and among national economies, and with the problem of balance between over-all demand and

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capacity. It is concerned with the question of how these various kinds of economic balances are to be accomplished in highly organized national and international economic systems, where one cannot usually count on quick automatic adjustment of capacities to changing demand, and vice versa. National communities can no longer afford the economic waste of allowing such adjustments to be long delayed by rigidities in the allocation of resources. Yet they cannot stand the political consequences of allowing these adjustments to be accompanied by major changes in the pattern of income distribution or by large-scale unemployment.

Economics today is concerned with the effect of the activities of organized claimant groups and of national states on international, as well as national, economic efficiency and economic growth. Finally, it is concerned normatively with the issues of economic justice and political means raised by inconsistencies among economic claims and conflict among powerful economic claimants both within nations and among national states.

In sum, classical economics was relevant in its day because it was centrally concerned with economic freedom. To be relevant today—factually and ideologically—and to be ethically valid, economics must be centrally concerned with growth and with means of reconciling organized economic claims in a manner consistent with economic growth, with political stability, with the preservation of constitutional government, and with the harmonization of individual freedom and bureaucratic power.

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NOTES ON THE POLITICAL SCENE IN WESTERN GERMANY

By OTTO KIRCHHEIMER

WE ARE looking for an explanation of the German miracle. Only yesterday an outcast among the nations, eternal troublemaker, never to be trusted, Germany is today the eagerly sought ally of the Western world, next to Great Britain apparently the most stable of the European states. How has this transformation occurred?

The obvious can serve as a starting point. The origins of the new state cannot be separated from Western policies and initiatives. If its creation reflected the desires of an overwhelming majority of Germans, it was also guided by a Western aim to prevent the decay of the European heartland, so that it would not fall prey to Eastern aggression. In spite of surface commotion among German political groups just awakening to a sense of their own importance in the European scheme of things, there was little real opposition, not to mention any practical alternatives, to the joint policy pursued by Germany and the West. For better or worse, Germany was tied to the chariot of the West—fed, protected, and encouraged to become a full-fledged member of the Western political and social system.

In short, the endless debate between German rearmament and various forms of German neutrality as a means to reunification was largely rhetorical. While some German politicians and publicists lustily demanded nothing short of full sovereignty and equality, there was much nostalgia beneath the surface for a less ambitious pursuit of economic reconstruction under the umbrella of American military might. Such sentiments may well have outweighed the ardor for becoming a major European power, with the wider responsibilities that it would entail. But the word "nostalgia" connotes the inevitability of the course set by Adenauer's administration toward full participation in European political, economic, and military responsibilities. The Ger-

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many of 1953 could not continue as a ward of the West, nor could it accept the role of buffer between East and West.

Numerous fertile minds have developed ingenious schemes calling for German reunification at the price of neutrality between the power blocs. There is not a shred of evidence that the Russians would be such deplorably bad social and economic analysts as to risk a venture of this type unless all the odds were on their side. Their daily contacts with the German people are sufficient to show them where the East German choice would lie; the model of Western-style reconstruction has provided the basis for a sort of everyday plebiscite in which the preference of the East Germans is a foregone conclusion. The West Germans have already made theirs and are on the way to becoming one of the major partners in the Western system. The USSR knows this well; its reiterated proposals for German unity invariably contain enough jokers to permit it to keep control over the East Germans.

In the face of this situation, German policy cannot be separated from the policies of the other Western European nations, and it appears somewhat unrealistic to assume that the individual states can freely follow their own predilections. Western Europe as a whole may adopt a strong or a weak policy, develop forceful tactics or an ostrich strategy. Depending on their relative influence, their understanding of the issues, and the strength of their political and military fabric, the various Western states may contribute solidly to the development of common policies, or act as a drag upon them. Such divergencies are possible and even probable, but it is scarcely likely that they will reach proportions amounting to a pro-Eastern policy.

This absence of any real foreign policy alternative is an important factor in Germany's internal stability. While the official opposition, the Social Democrats, always had reservations concerning the government's foreign policies, their objections were not of the treason-shouting variety, but rather in the nature of a loyal opposition.[1] Such opposition more often than not is valu-

[1] Even Carlo Schmid's polemic antithesis between the "true Europe," embracing the whole of Europe, and "little Europe" contains the affirmation of "Europe as the Fatherland of us all" ("Die Aussenpolitik der Machtlosen," *Aussenpolitik*, No. 2 [1952], p. 17). To the same effect, cf. the remarks of Kurt Schumacher which he prepared for delivery

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able to the government, which may then raise the price of agreements with foreign states by pointing out the difficulty of securing acceptance in the face of domestic criticism. There is no doubt that Adenauer's government has on occasion drawn substantial profit from this pressure.[2] If such loyal opposition helped the government, it did not advance its own cause. In the eyes of the German voter, the foreign policy recommended by the opposition during the election campaign appeared only a minor variation from the government's course.

It has often been taken for granted that the German election results primarily expressed a verdict on the foreign policy of the Adenauer government. This is at best debatable. Looking back at the election propaganda, it appears that the government preferred to rest its case on broader grounds. In the personal letter signed by the Chancellor which his organization distributed during the campaign, foreign policy was not unduly emphasized. The rearmament issue was carefully avoided, and instead it was stressed that, thanks to the cooperative effort of people and government, things in Germany were once more in good shape, and that if cooperation continued, the situation would continue to improve all around. Naturally, this letter also contained the standard assurances in regard to the goal of German reunification, but its appeal was focused predominantly, and apparently with great success, on the theme of reconstruction.[3]

There is very little likelihood that the majority of those who

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at the 1950 SPD party convention; reprinted in *Turmwächter der Demokratie: Ein Lebensbild von Kurt Schumacher*, Berlin, 1953, II, p. 224.

[2] Gerhart Lütkens makes a claim for the generally beneficial effect of the foreign policy influence of the opposition under the Bonn regime ("Parliamentarische Opposition in der Aussenpolitik," *Aussenpolitik*, No. 2 [1952], pp. 403-4).

[3] It may be pertinent to give the wording of its foreign policy passages, which comprise one out of a total of seven paragraphs. They show skillful and well-calculated restraint: "You know which important program faces us now—the reunification of our two still separated Eastern and Western territories. For achieving this goal we need friends in foreign lands who support us. None of us wants war. Therefore, our whole policy aims at solving problems which concern us by peaceful negotiations. All our plans and actions, however, promise success only if there is a government which pursues a straightforward policy. Just look around and you will see how the absence of a firm, lasting government weakens a country. If I was often successful in my negotiations, this was largely due to the comforting feeling of security which is caused by the knowledge of being backed by our healthy and peaceful people."

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supported the government paid much heed to the complexities of Allied-Soviet negotiations on the question of German unification, or—to take a heretical view—that their decision was influenced to any significant extent by the government's promises to work with utmost energy toward the achievement of unity. At most, the voter reacted to the foreign policy question with some pride and satisfaction in Germany's rapid rise, after the most disastrous war in its history, to the status of a coveted partner of the Western world and, moreover, one safely ranged on the side of the greatest and most modern power on the world scene today.

Presumably, the mass of voters who supported Adenauer included some who acted from widely different motives than those stated above. If the majority gave him a vote of confidence as harbinger and guarantor of economic prosperity, a minority may have seen in him and in his policy the means of restoring Germany to its former preeminence. These motives may even have been present together in the minds of some voters. However this may be, more than 16 million of the total 27 million who voted accepted the Chancellor's program substantially or in full, with his own party taking the lion's share, or 12.5 million.[4] It is significant that this 12.5 million included at least three million who had come of age since the last election or who had simply not

[4] COMPARATIVE VOTING STRENGTH, 1949 AND 1953

*Party**	*1949 Vote*	*Valid Votes (%)*	*Seats*	*1953 Vote***	*Valid Votes (%)*	*Seats*
CDU-CSU	7,359,084	31.0	139	12,444,549	45.2	244
SPD	6,934,975	29.2	131	7,944,252	28.8	151
FDP	2,829,920	11.9	52	2,629,473	9.5	48
KPD	1,361,706	5.7	15	607,634	2.2	—
BP	986,478	4.2	17	465,552	1.7	—
DP	939,934	4.0	17	896,944	3.3	15
BHE	—	—	—	1,616,123	5.9	27
WAV	681,888	2.9	12	—	—	—
Z	727,505	3.1	10	217,078	.8	2
Ind. and others	1,910,908	8.0	9	729,707	2.6	—

* CDU-CSU—Christian Democratic Union-Christian Social Union; SPD—Social Democratic Party; FPD—Free Democratic Party; KPD—Communist Party; BP—Bavarian Party; DP—German Party; BHE—All-German Bloc; WAV—Reconstruction Party; Z—Center Party.

** Figures for the 1953 vote are taken from the second ballot.

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bothered to vote before.[5] The refugee party, which had hoped to assume the role of a balance wheel, was supported by only one in three of the refugee population. This indicates not merely the successful integration of the refugees into West German life, but the increasing improbability of parliamentary representation for the refugee party in the future. Of the opposition parties, only the Social Democrats remain of major significance. Although this party managed to gain one million votes above its 1949 total —more than half of these were direct transfers from the dwindling ranks of the Communist supporters—it failed to make a dent in the middle-class vote, whose support it had so eagerly sought during the campaign. The parliamentary representation of the Social Democrats was ten seats short of the number necessary to block constitutional amendments.

Before making prognostications as to the future of the German establishment, a broader explanation of the apparent stability and moderation of the German political system may be offered. To any observer of the German scene in recent years, one feature stands out. In the midst of the tumult of group claims on the government and on the community at large, the majority of claimants have proceeded in almost an Anglo-Saxon fashion—that is, in highly pragmatic style. Refugees and bombed-out persons, denazified civil servants, other officials expelled by Russian or Polish or Czech governments, or victims of Nazism claiming similar restitution rights—none of these followed what one might consider a characteristically German procedure, namely, to build a whole political system on the basis of their particular grievances. Instead, they were content to pursue their claims through

[5] In addition to three million new voters, coming in part from the ranks of those first eligible to vote in 1953 and to a larger extent from those who had previously abstained from voting, the CDU most likely drew over three-quarters of a million votes from smaller Catholic parties, which were all but eliminated, and almost a million from former rightist voters. The SPD in all likelihood contributed not more than 250,000 to swell the CDU ranks. The SPD, for its part, suffered from the large ballot, which increased from 78.5 to 86.2 per cent of the eligible voters (it did much better in the subsequent Hamburg election, where participation decreased considerably), from its inability to make any dent in the following of the center and right-of-center parties, and from the continued preference of women's and old-age (above sixty) groups for the CDU. See *Statistische Rundschau für das Land Nordrhein-Westfalen*, Nos. 10-11 (October-November 1953); *Staat und Wirtschaft in Hessen, Statistische Mitteilungen*, v, No. 1 (October 1953).

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the normal channels of lobby and pressure-group activities, as well as through the delegation of their representations to the parliamentary factions. The reason for this un-Germanic approach is probably to be found in the surprising ability of the state to satisfy very quickly at least a part of the claimants' desires. The significant rise in production and tax receipts enabled the state to satisfy many claimant groups without jeopardizing the claims of their rivals.[6] Thus each group could concentrate on fulfillment of its claims on the government rather than waste its energies competing outright for power with other groups. Equally important from the point of view of the individual citizen seeking redress or restitution, or primarily interested, as Chancellor Adenauer put it, in getting his own backyard into shape again, is the fact that the state provided him with the procedures necessary to give voice to all these variegated claims. One could have argued—and a leftist regime might conceivably have done so—that the terrible convulsions which Germany had experienced in the past two decades could not be rectified by admitting a mass of complicated claims and counterclaims, none of which could ever be completely satisfied. Instead, the argument would run, the historical process should be brought to its logical conclusion—a complete economic and social revolution which would dwarf all previous injustices and transformations. But the reaction of the East German population to a solution of this type shows conclusively that nothing was further from their minds than the idea that one set of injustices could be submerged in a sea of bigger and better injustices.

The alternative solution was contained in West German legislation which, after German solvency was reestablished, created during 1951 and 1952, with infinite passion for detail, a universe of legally enforceable or at least legally arguable claims.[7] Coming

[6] Expenditures for social services alone arose from 4.6 billion DM in 1949 to 9.3 billion DM in 1953, or from 15.9 per cent to 18.4 per cent of the total net social product (figures taken from *Deutschland Jahrbuch 1953*, Essen, 1953, p. 197).

[7] Today constitutional lawyers are apt to consider as a basic liability to the new state the hypertrophy of legal procedures which were encouraged and to some degree made necessary by the Basic Law. It may be conceded that danger might conceivably develop in this direction from the too far-reaching judicalization of the political process via the Federal Constitutional Court. German literature on this point is already

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after a decade of intensive lawlessness, this "universe of claims" and the promise it held for the individual became one of the greatest assets of the new state. Moreover, the pressing of claims demanded a new army of officials, and the apathetic attitude of the population in the first years of occupation experienced a sudden change when it became clear that the new authorities had something positive to offer. Thus, together with the establishment of the "universe of claims" came the revival of the traditional concept of the German civil service, shielded by the setting-up of a governmental authority which was made almost constitutionally foolproof for at least four years.

Of equal significance in the stabilizing process has been what I should like to call, for want of a better term, the "conversion of the militant." It is easy to recall the eternal soldier of the years following World War I, who rather than convert to civilian pursuits remained available to participate in the half-military, half-political adventures of those turbulent years, and thus formed one of the greatest hazards to the development of orderly constitutional government. Unlike the period after 1918, the post-1945 Germany had no Baltic provinces, no Upper Silesia to keep or to reconquer; there were no East Elbian estates on which unemployed professional soldiers could hibernate; there was no need for paramilitary organizations to keep the left wing in check. Public order, both in regard to domestic affairs and to relations with the outside world, was distinctly the province of the occupying powers. The ex-soldier, professional or conscript, simply joined the millions engaged in the effort to convert to civilian life as rapidly and successfully as possible. After the most atrocious of modern regimes and of modern wars, the reestablishment of an ordered society was a goal highly desired by the mass of the

abundant; for a concise discussion, see Karl Loewenstein, in *Governing Postwar Germany*, edited by E. H. Litchfield, Ithaca, N.Y., 1953, pp. 260-61. Yet there is a tendency to overlook the fact that from the viewpoint of the citizen at large, the grandstand proceedings before the Constitutional Court in Karlsruhe are infinitely less interesting than is his individual case, pending, as may be, before any of the multiplicity of social, economic, finance, labor, or administrative courts which have come into existence since 1950.

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population, despite the many elements of disorder latent within the postwar structure of Germany. And, strangely enough, the very impotence of the German population to prevent the mutilation and partition of its territory served to accelerate the return to normality and order. To be sure, every German wanted the refugees and expellees to go back to their East German or Silesian or Sudeten homes, once those homes were liberated from the Soviets and their satellites. But what could a band of volunteers do to free East Germany? Who would gain anything from such an action? Surely not the East German population. Only as the social and governmental system of West Germany grew more coherent and self-reliant could Germans hope once more to play a role in deciding the fate of Central and Eastern Germany. National reconstruction was not merely the precondition for a new lease on life for the individual but the basis of any effective claim to national unity.

The militant left has virtually disappeared from the German political scene and it will probably not revive. Three reasons may be given for this, the first of which is obvious. The Communist experiment in East Germany and the experiences of the German soldier in Russia have deterred any development of sympathy for Communism. After the riots of June 17, 1953, it became evident that the East German worker may have to live for some time to come in a state of silent submission, but he will hardly in our lifetime move to join hands with his oppressors.

The second reason is not derived from anything new, but rather represents the culmination of a long-developing trend. As early as the 1920's, the majority of the German working class —despite the efforts of a powerful and energetic minority—had indicated that they found the prevailing political and social system on the whole acceptable, even though in need of overhauling and revision. The consequences of the war have only accentuated this tendency. In the present German social structure, the majority of the working class occupies the middle levels, only a minority falling within the lower categories. It is the over six million

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pensioners, war widows, and women who must support themselves and their families who occupy the lower brackets.[8]

Thirdly, we arrive at one of the decisive characteristics of German postwar life, a phenomenon recognizable among the working classes and the rest of the population. This is the trend toward privatization, a turning inward of interests and a concentration upon private affairs.[9] No element of the German population wishes to become deeply involved or identified with public concerns; the contemporary social-political process is too complicated, the chances of individual injury from political changes too great—to keep one's distance appears the better part of wisdom. Though noticeable to some extent almost everywhere in the world today, this feeling is more obvious in a country like Germany, where since the early 1930's the fear of sudden change and the desire to provide effective individual safeguards have been at a maximum. This tendency does not, of course, exclude membership in the trade union federation, nor does it stand in the way of high voter participation in elections. But the intensity of such organizational and political participation is not what it was; the approach has become rational and pragmatic, and there is little of the direct sense of personal involvement or mission. Advantages and disadvantages of a given political position are coolly weighed. But in the scale of preoccupations, political interest, especially among young people, ranks well behind sports,

[8] Ilse Elsner and Rüdiger Proske ("Der Fünfte Stand: Untersuchungen über die Armut in Westdeutschland," *Frankfurter Hefte* [February 1953], pp. 108ff.) include among the poverty groups two million old people, 1,800,000 women and 750,000 men without access to the labor market, 500,000 structurally unemployed, and 1,700,000 women over twenty-four years of age who are unmarried or no longer married. To these they add 1,900,000 men without adequate income. While the last category may seem problematic and possibly dwindling, it should be noted that another estimate, starting with 5,700,000 pensioners and publicly supported persons, and adding 2,600,000 dependents, ends up with figures of roughly the same magnitude.

[9] Privatization is probably the most important single social phenomenon of the postwar German scene. The most fruitful hypotheses on both the reasons for privatization and its impact on the social and political structure may be found in the basic study by Helmuth Schelsky, *Wandlungen in der Deutschen Familie der Gegenwart*, 2nd ed., Stuttgart, 1953. Yet the concomitance of increasingly uniform social standards with unchanged ideologies raises many still uncharted problems; see *ibid.*, pp. 237ff. There also exists a highly impressionistic account of the phenomenon of privatization as evidenced among young Viennese workers by Karl Bednarik, *Der Junge Arbeiter von heute—ein neuer Typ*, Stuttgart, 1953.

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dancing, and in fact the sum total of private and personal considerations. In such an atmosphere, militant attitudes do not readily flourish. The official representatives of the German working class have had to set their sights low, or run the risk of losing their following. In this connection, it is significant that the only institutional advance which the trade unions have succeeded in securing beyond their established position under the Weimar Republic, the so-called codetermination rights in the steel and coal industries, fell into their lap through the intervention of the British Labor government, which enacted these reforms by virtue of their occupation powers in 1947. The unions were barely able to translate their advance into indigenous legislation, and they had to be satisfied with what in balance at best amounts to the Weimar status quo in other fields.[10]

Thus in West Germany today there exists neither a militant right nor a militant left as a serious political force. The foreign occupation, preoccupations of the individual, and the coincidence of a desire for respite and enjoyment of one's private life with a world-wide economic upswing have thrust politics into the background and discouraged schemes for institutional innovations.

Ironically enough, this resistance to innovation not only has excluded any radical social reform, but has also negatively af-

[10] Not enough time has elapsed since the Plant Constitution Law of October 14, 1952 (*Bundesgesetzblatt*, 1952, p. 652) came into effect to permit an adequate judgment of its operation. The material so far published relates mostly to the effects of codetermination in the steel and coal industries as enacted by the statute of January 27, 1951. However, the parliamentary report of the Bundestag Committee for Labor (*Anlage 3 zum stenographischen Bericht*, 223rd Session, July 16, 1952, pp. 1,010-27), as well as the speeches made during the discussion (223rd Session, pp. 9,946-53; 225th Session, July 17, 1952, pp. 10,058-94), amply shows how little the actual terms of the legislation corresponded to the objectives of the SPD and the DGB. The satisfaction of employers' organizations is expressed in "Wirtschaftsbürger ohne Gängelband," *Der Arbeitgeber* (August 1, 1952), p. 576. The weakness of the legal position of labor representatives on boards of directors under the Plant Constitution Law becomes apparent from the discussion in D. Spethmann and S. Schnorr, "Die Beteiligung der Arbeitnehmer in Aufsichtsräten nach dem Betriebsverfassungsgesetz," *Recht der Arbeit*, No. 6 (1953), p. 448; see especially the conclusion 5b on page 456, which seems to reopen the door to the time-honored Weimar practice of excluding labor members from important committees of boards of directors. Lack of interest in and understanding of union and works council objectives among workers as a major difficulty in implementing union policies becomes apparent from A. Mausolff's detailed study, *Gewerkschaft und Betriebsrat im Urteil der Arbeitnehmer*, Darmstadt, 1952.

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fected the much less ambitious reform proposals of the Allies, primarily those of the Americans. The three D's—decartelization, denazification, and decentralization—were gradually modified or abandoned, along with plans for educational or civil service reform, even when these fitted to a limited degree into the post-war German scene.[11] This tendency crystallized as it grew obvious that American interests were becoming primarily concerned with foreign policy objectives, rather than with the specific institutional forms to be adopted by the German people. Yet when all is said, and despite the failure of the reform plans as such, the Allied operation in Germany was still a success. It provided West Germany with a strong authority in its formative period. Whatever steps had to be embarked upon, whatever Gordian knots cut, the responsibility could always be laid at the door of the Allies rather than at that of the new German government, which had yet to earn full domestic recognition. The successful operation of the Berlin airlift demonstrated to the world for the first time that German-Allied relations could achieve a voluntary and fruitful cooperation. And then, exactly at the right time—one year after the currency reform had provided the cornerstone for Germany's rapid economic recovery—the new Bonn regime was launched.

Now, it may well be argued that this regime was installed and placed in operation only by means of Allied interference, so that the Socialist opposition had less opportunity to present itself as a more vigorous and socially conscious alternative to the present government. It might be pointed out, and not without some justice, that the peculiar form in which the currency reform was

[11] The last scaffoldings of the occupation regime are still in the process of being taken down; no full account, therefore, of its achievements and failures in terms of its impact on German institutions exists as yet. However, material may be found in many of the individual chapters of Litchfield, ed., *op. cit.*; the unavoidably distorted focus of responsibility may be considered as a paradoxical feature of any democratic occupation regime. Such a regime remains unaccountable to those whom it administers; to the extent to which its home authorities care enough to enforce the responsibility of its occupation officials, they inevitably start from premises and use yardsticks which are not necessarily meaningful to the occupied.—In a humorous vein, Federal President House recently spoke of the "education" of the lower grades of the fly-by-night school (*Klippschule*) which the members of the German national community were made to attend (*Stuttgarter Zeitung*, January 27, 1954).

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installed in 1948 under American guidance gave a substantial advantage to those elements who, by accident or design, had managed to hang on to their property or stocks of goods.[12] But it is also true that the mere availability of a large number of people possessing nothing more than willingness to work was a major incentive in bringing about the miracle of German recovery. Moreover, a portion of the injustices of the currency reform were at least partly remedied within a few years, when the legislature of the Federal Republic established what has been referred to here as the "universe of claims."

In sum, even a regime under Social Democratic leadership and somewhat differently constituted would hardly have adopted policies too much at variance with those of the Adenauer government. Alternatives were certainly limited in view of the restricted possibilities of action in the field of foreign policy and the widespread popular distrust of anything that might smack of a directed economy. Even if a somewhat more equitable distribution of consumer goods had been aimed at, or—what is more likely—a policy reflecting Schumacher's principle of austerity by concentrating on reequipment of basic industries rather than consumer goods production, these would have been merely modifications of, rather than basic changes in, the structure of the postwar regime. Of course, such modifications might have led to a more active integration of the workers into the postwar administrative set-up.

Under such circumstances, the early development of a two-party system, made up of labor versus a conservative mass party, might have taken place. Instead, by reason of voter preference for a conservative catch-all party, there now exists a one and one-half party system. On one side, there is the predominant CDU, with its minor middle-class and refugee party satellites, which are not necessary for the formation of a majority, and on the other,

[12] For a detailed account of the inequities created by the currency reform, cf. the Bundestag deliberations in connection with the passage of the *Lastenausgleichsgesetz* (Equalization of Burdens Law) in 1952. In particular, the arguments adduced by members of the SPD are revealing. See *Deutscher Bundestag Stenographische Berichte*, 207th Session, May 6, 1952, pp. 8,980-82; 208th Session, May 7, 1952, pp. 9,055, 9,063ff.; 209th Session, May 8, 1952, pp. 9,130-31; 211th Session, May 14, 1952, pp. 9,263-68.

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a labor party which is not strong enough even to prevent constitutional changes, let alone to influence decisively the legislative process in the face of the massive parliamentary majority of the present administration.

What chance is there that this lopsided situation may be modified? Can a conventional two-party system emerge—that is, will the SPD develop into a catch-all mass party rather than a democratic working-class party, and thus retain the possibility of leading an alternative government? If not, how long can the present imbalance between the two major parties be expected to continue? And is a return to a multiparty system possible? The answers to these questions presuppose some specific hypothesis concerning West German development over the next decade. Adenauer's success is the result of several factors, some unique and temporary, others perhaps more permanent. The temporary, non-repetitive factors may easily be discerned: the favorable start of the government under Western protection, plus some economic factors, like the long-deferred demand for consumer goods and over-all reconstruction, and Germany's favorable export position at a time when her historical competitors were preoccupied with rearmament. But what of the conversion of the militant to civil pursuits, the decline of political interest, and what of the effects of privatization on the political scene? Are they, too, specific aspects of postwar phenomena, or are they harbingers of a more significant psychological transformation? What of the impact of the indefinite partition of Germany and the raising of an armed establishment?

Obviously, we are in the realm of guesswork. But some guesses appear less risky than others. Political and social strife, which have been almost absent from postwar Germany, are likely to increase, if for no other reason than that economic progress is bound to be less rapid in the future.[13] The opportunities for any

[13] Rate of increase of gross national product (in constant prices) since the second half of 1948 (after currency reform):

Year (July 1-June 30)	
1949/50-1948/49	15.5%
1950/51-1949/50	20.4%
1951/52-1950/51	8.2%
1952/53-1951/52	5.5%

Source: *Wirtschaft und Statistik* (September 1953), p. 393.

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social group to advance its interests merely by claiming its share of a greatly increased national product, rather than improving itself at the expense of another social group, are likely to be smaller. Consequently, there will be greater need for group compromises, both as between the CDU and the only social group of importance outside its ranks—namely, labor—and within the CDU, among the variegated social groups which compose this conservative mass party.[14] On the other hand, even a recession would shake the regime to its foundations only if the population had the feeling that the government was either unable or unwilling to take effective countermeasures. The need to prove to the world that Western democracy is a viable alternative for Germany to the dehumanization of the East places a high premium on the willingness of all participants to prevent any such crisis from getting out of hand.

Insofar as Germany's economic position turns upon the problem of the balance of payments, the United States holds the key to the situation. But to the extent that it is a problem of adapting economic devices and institutions, the maintenance of economic stability is up to the German administration. At present there exists a marked predilection for a liberal type of economy, which its adherents prefer to call, with an eye to the propaganda value of the phrase, a social market economy, meaning that a liberal economy results in the greatest benefits for the society as a whole.[15] But this economy is not literally a liberal one; just

[14] German research on the interrelationship of pressure groups and political organizations is still scant; cf. some interesting remarks in *Deutschland Jahrbuch 1953*, p. 90. Among the CDU-CSU faction, the degree of representation of the most important social and economic groups in the 1953 Bundestag is as follows: refugees and war-damaged, 3.7 per cent; proprietors and managers of financial and industrial enterprises, 12.7 per cent; officers of industrial associations, 3.3 per cent; proprietors of agricultural enterprises and officers of the corresponding associations, 17.2 per cent; artisans and retail proprietors and officers of corresponding associations, 10.7 per cent; trade union, consumer cooperatives, and related organizations, 5.3 per cent; white-collar employees, technicians, and officers of related organizations, 1.2 per cent. For comparative figures for the first Bundestag and a description of the criteria used, cf. Otto Kirchheimer, "The Composition of the German Bundestag, 1950," *Western Political Quarterly*, III (December 1950), p. 597.

[15] German neo-liberalism remains closely connected with the literary endeavors of the school of which Wilhelm Röpke is the most indefatigable member; see, e.g., *Civitas Humana*, 2nd ed., Erlenbach-Zurich, 1946, and, more recently, *Wirtschaft und Soziale Ordnung als Aufgabe der Freien Welt*, Dortmund, 1952. However, as Röpke and his friends recognize the necessity of what they call "Marktkonforme Intervention," the gap between neo-liberals and their foes narrows down considerably; cf. Friedrich Wilhelm

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as in most non-totalitarian systems, Germany's liberal economy is a blend of competition, state controls and regulations, efforts at private concentration or cooperation, and—for possibly rather temporary reasons—a fervent interest in the speedy establishment of free and unfettered international exchange. Nor is there very much doubt that, if the necessity arises, Germans will be quite undogmatic about their present propaganda emphasis on the social market economy, and will make whatever adjustments are necessary to support living standards and employment opportunities.

In sum, German conservatism or, as some critics are wont to say, the German restorative tendency is not so much an espousal of specific political or economic doctrines; it is, rather, a general and widespread state of mind. After the unhappy experiences of the recent past, it is understandably suspicious of innovation for innovation's sake; it places a high value upon preserving for the individual a small niche of his own, free from the pressures and intrusions of society at large. If compulsion is necessary, it prefers roundabout, subtle methods rather than the use of the sledgehammer. This mellow conservatism may even color attitudes and expectancies in regard to the most important of the many unknown factors on Germany's political horizon: the future armed establishment. After so many unhappy experiences with incompetent leadership and weak control over army affairs, both the politicians and the cadres of the future officer corps themselves regard the European Army not merely as a necessary technical device for effective European cooperation, but also as a release from responsibility which they do not want to assume singlehanded. To this extent, the case of the cynics who think of ECD as a simple pretext to reestablish German military power

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Dörge, "Der Neuliberale Interventionismus im Wandel Zweier Jahrzehnte," *Gewerkschaftliche Monatshefte*, IV (December 1953), pp. 725ff. While the head of the Ministry of Economics, Ludwig Erhard, has for a long time been an adherent of Röpke, Berg, the president of the German Federation of Industrialists, in a speech before the Chamber of Commerce in Hagen on December 4, 1953, rejected the neo-liberal credo and demanded that any forthcoming cartel legislation only be promulgated with what he called a "positive regulation of fair competition." A recent official statement deferring cartel legislation altogether until after the passage of tax reform measures represents a full-fledged victory for the foes of neo-liberalism.

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pure and unadulterated may not be as strong as it would appear at first glance. Obviously, this not to say that there are not elements among the population at large as well as among the future army components who visualize German armed forces primarily as a means of augmenting Germany's power and scope of action. Yet have these elements caught the true mood of the German population? If the many signs are not misleading, there will be fewer German surprises in the 1950's and 1960's than there were in the 1930's and 1940's. Germany may not figure too large in future headlines, yet achievements are likely to be built on a firmer foundation, and the goals which the Germans set themselves may be more universally acceptable than they were during the turbulent decades behind us.

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THE ARAB-ISRAELI BOUNDARY PROBLEM

By LEWIS M. ALEXANDER

ONE of the most volatile political frontiers in the world today is that which separates Israel from her Arab neighbors. Laid down in 1949 along cease-fire lines, this border has remained closed to all traffic since that time—a symbol of the continued bitterness between the two peoples.

Any analysis of Israel's borders must begin with the recognition of several basic facts. In the first place, the Israeli nation was created through force of arms; its present independence is guaranteed only by the continued presence of military power. The Arab nations regard Israel as an interloper and would willingly support any concrete proposal which would result in the country's elimination. Second, the former Arab inhabitants of what is now Israel are, for the most part, homeless exiles. The presence of these refugees in the neighboring Arab states serves to accentuate Jewish-Arab tension. Finally, the border itself is extremely ill-conceived from the point of view of stability.

Utilization of Jordan River waters, for example, has become a serious international problem as a result of the river's course through both Jewish and Arab territory. Northwest of Jerusalem, the boundary cuts indiscriminately through rich agricultural areas, separating farmers from their fields and wells. In Jerusalem, the Hebrew University and Hadassah Hospital occupy an enclave, surrounded by Arab territory. These and other examples serve to illustrate the potentially explosive nature of the Irsaeli-Arab boundary. Seen against the background of Arab fear and hostility, the inadequacies of the present borders become greatly magnified. The threat of renewed warfare along the frontier is ever present as troubled Arabs watch Israel become firmly established on land which, to Arab minds, the Jews have no right to control.

The establishment of a Jewish state in the Middle East was

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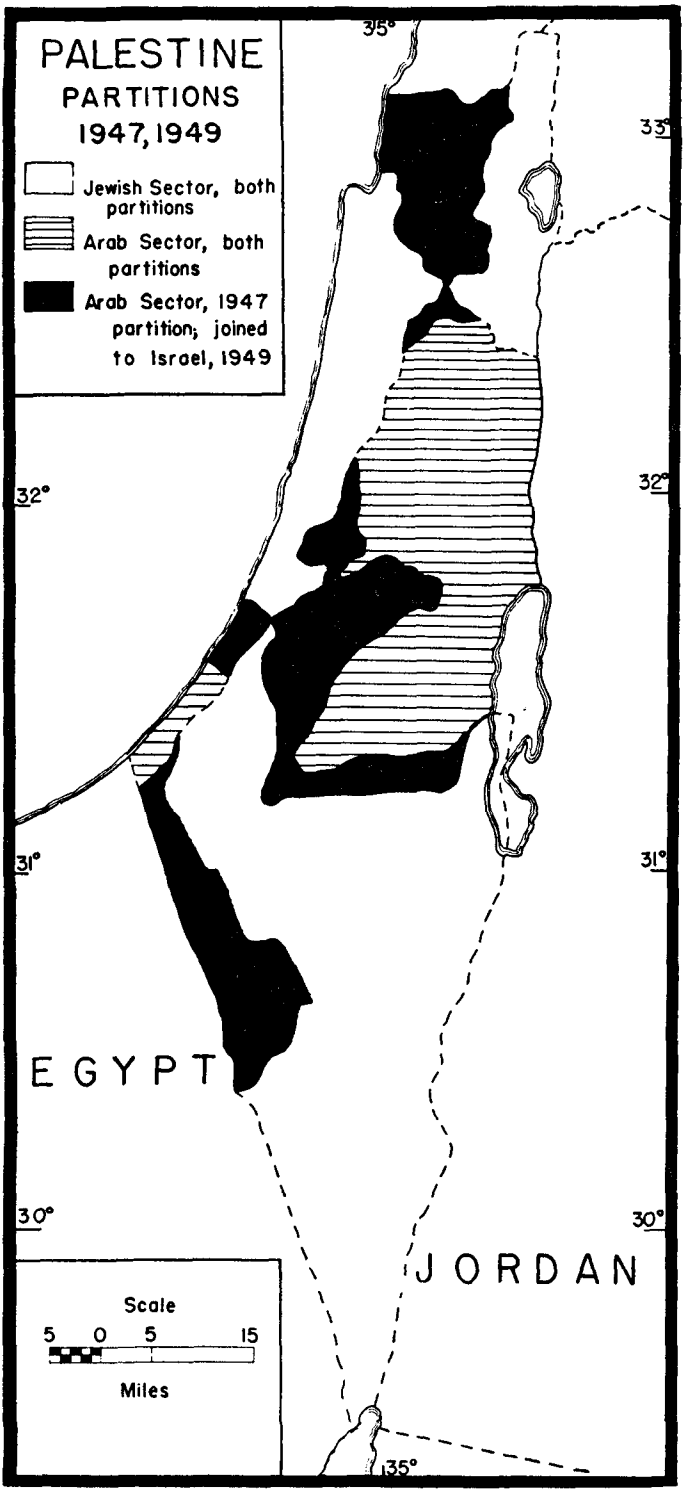

Figure 1

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officially approved by the UN General Assembly in November 1947. At that time a resolution was adopted providing for the partition of Palestine into Arab and Jewish sectors. In May of the following year British troops were withdrawn from the area and Britain surrendered her mandate over Palestine to the UN. The Jewish Agency for Palestine, which had supported the Partition Plan, stood ready to assume control over the Jewish areas. The Arab states, however, refused to recognize the UN decision, and fighting immediately broke out between the Jewish colonists and the member nations of the Arab League. After protracted negotiations a United Nations Commission was able, in the winter and spring of 1949, to arrange an armistice between Israel on the one hand and the states of Egypt, Lebanon, Jordan, and Syria on the other.

The Armistice Demarcation Lines were based in part on the cease-fire lines between the opposing forces. In many sectors, however, the prewar Palestine-Arab borders were observed. It should be noted that the Jews managed to retain virtually all areas awarded them by the UN Partition Plan, as well as to acquire 2,200 square miles of what was intended to be Arab territory (see Figure 1). The Arab nations are naturally anxious to regain this lost area; as a result, one of their conditions for a lasting peace with Israel is a return to the Partition Plan borders of November 1947.

Along the Lebanon frontier, Jewish forces which had crossed into Lebanon itself withdrew to the south, and the original prewar boundary was reestablished. In the case of Syria, there were several instances where the 1949 cease-fire line lay inside prewar Palestine. At the time of the armistice, Syrian forces were occupying a region of twenty-one square miles within Palestine, and Syria agreed to withdraw its forces behind the prewar border only on condition that a demilitarized zone be set up in the occupied area. Although Israel was given control over the sector, Israeli defense forces are forbidden to enter it, and order is maintained by a locally recruited police force under supervision of a fixed armistice commission.

The boundary with Egypt remained virtually the same as

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before the war. Along the Mediterranean coast, however, the Egyptians retained an eight-mile strip of former Palestine territory. This area, which had been occupied by Egyptian troops at the time of the armistice, included the town of Gaza, from which a highway runs southeast to the important oasis city of Beersheba, in the Negeb. Within the Gaza salient today are crowded approximately 200,000 Arab refugees who once lived in Palestine. Along the central sector of the Egyptian frontier is a triangular-shaped neutral zone, which is under Israeli control, but which cannot be occupied by Israeli forces. The oasis town of El Auja, on the Beersheba-Cairo highway, is the permanent seat of the Israeli-Egyptian Armistice Commission.

The most radical border changes took place in the eastern part of Palestine. Over 2,300 square miles of the former mandate were occupied by Jordan and Iraqui troops at the time of the armistice. The area was left in Arab hands, and the boundary for the most part followed the military truce lines. Jerusalem was cut in two by the new border; the Jaffa-Jerusalem highway was also cut at the Arab-held town of Latrun. In Jerusalem, the Hebrew University on Mt. Scopus remained under Israeli control, although the area is an enclave, surrounded by Arab territory. Once every two weeks a Jewish convoy is permitted to pass from Israel to the University grounds.[1]

Besides the territorial changes wrought by the war, there were changes in population. During the summer of 1948 nearly 600,-

[1] For complete texts of the Armistice Agreements, see the following publications of the United Nations Security Council, Lake Success, New York, Official Records, Fourth Year:

S1296, "Cablegram dated 22 March 1949 from the Acting Mediator to the Secretary General transmitting the text of an Armistice Agreement between Lebanon and Israel."

S/1264, "Corrigendum to Cablegram dated 23 February 1949 from the Acting Mediator to the Secretary General transmitting the text of an Armistice Agreement between Egypt and Israel."

Special Supplement No. 1, Document S/1302/Rev. 1, "Cablegram dated 3 April 1949 from the United Nations Acting Mediator to the Secretary General transmitting the text of the General Armistice Agreement between the Hashemite Jordan Kingdom and Israel."

Special Supplement No. 2, Document S/1353/Rev. 1, "Communication dated 20 July 1949 from the United Nations Acting Mediator on Palestine to the Acting Secretary General transmitting the text of the General Armistice Agreement between Israel and Syria."

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ooo Arab inhabitants of what is now Israel left their homes in response to an order from the Arab High Command and retreated behind Arab lines. Apparently they expected to return shortly with the victorious forces, but with the establishment of the Jewish state, they found themselves to be exiles. The Jews have consistently refused to readmit them to Israel, on the grounds that they voluntarily deserted the country. About 170,000 other Arabs who remained in western Palestine during the fighting are today considered Israeli citizens.

The superposition of a closed border upon what was once a unified economic region is bound to cause much hardship to inhabitants within the frontier zone. Roads, power lines, and drainage ditches are cut; farmers are separated from their fields and wells, villages from their natural markets. In the Arab sector are thousands of Arab refugees, many of them from farms and villages which are almost within sight of the present refugee camps. Often some of these Arabs cross the long frontier to raid Israeli towns or, more simply, to gather produce in the fields which once were theirs. Survival has become a grim business and they are frequently armed for protection against Jewish border patrols. On occasion, the Arab militia has accompanied the farmers and has held off Jewish counterattacks while the produce was gathered.

Another cause for border violations is the smuggling which takes place between the Jewish and Arab areas. In Israel, rationing is strictly enforced, while in Jordan no limits are placed on the sale of consumer goods. During the past four years hundreds of persons have been killed in the eastern frontier zone. Some were shot in connection with illegal crossings; others were victims of indiscriminate fire. At times the sniping has developed into small-scale warfare. Tensions remain high, and the possibility of renewed Arab-Jewish hostilities on a major scale is greatest along the Israeli-Jordan frontier.

One of the most serious problems in connection with the new borders has to do with the waters of the Jordan River (see Figure 2). The four northern tributaries rise in Arab countries; three in

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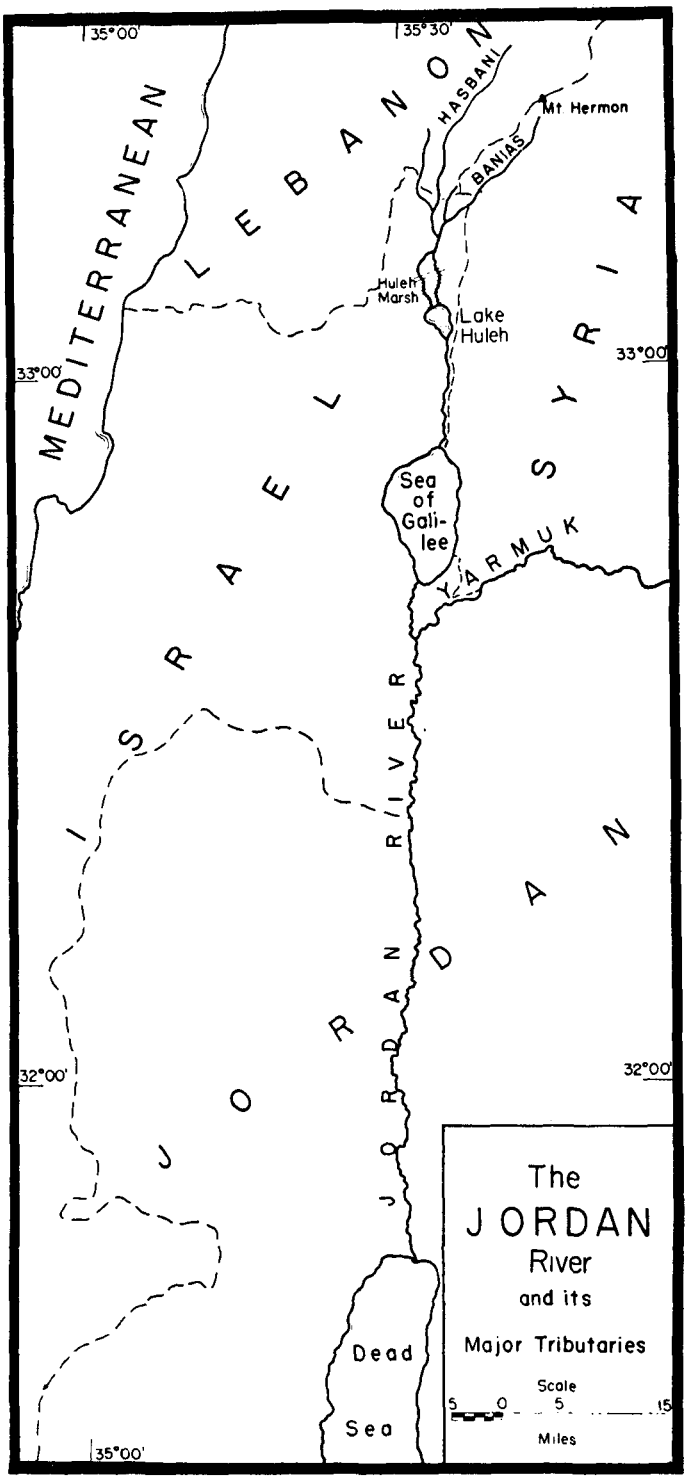

Figure 2

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Lebanon; one, the most important, in Syria. These streams unite in the Huleh Marsh of northern Israel to form the Jordan itself. The river then flows through Lake Huleh, southward along the Israeli-Syrian border to the Sea of Galilee, then south another six miles through Israeli territory to its confluence with the Yarmuk, coming from the east. At this point the quantity of water in both rivers is roughly equal. For about twenty miles to the south of this junction the river marks the Israeli-Arab border, but then the boundary swings west, and the Jordan, for the remainder of its course to the Dead Sea, lies in Arab territory.

Within recent years a number of engineering schemes have been suggested for tapping the waters of the Jordan and Yarmuk rivers. Perhaps the most noted was Lowdermilk's Jordan Valley Authority Plan, in which he proposed to use the waters of the upper Jordan for irrigating western Palestine, and the Yarmuk waters for irrigation in the lower Jordan valley itself. Lowdermilk estimated that these rivers could provide for the irrigation of 300,000 acres of land.[2]

In 1932 the Jewish-owned Palestine Electric Corporation completed a hydroelectric plant on the Yarmak, close to its confluence with the Jordan. At the time of partition, the plant was responsible for over three-fourths of Palestine's electric power. The Armistice Agreement awarded to Israel the right bank of the Yarmuk, in the area of the power plant, to Jordan the left bank of the river. The plant, however, remains closed, and both nations are deprived of the power which once was produced there.

Any major development of the Jordan valley, both for irrigation and for power, would require the cooperation of Israel, Syria, and Lebanon. In the absence of such a condition, the three countries have been proceeding with separate plans for use of the water. The Syrians have considered tapping the Banias Springs on the east slope of Mt. Hermon, and conducting the water northward to irrigate fields south of Damascus. Since these springs are a major source of the Jordan waters, such a project

[2] See Walter C. Lowdermilk, *Palestine, Land of Promise*, New York, 1944.

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would have a serious effect on Jewish agricultural plans further downstream.

The Jordan government envisions a plan whereby the Yarmuk would be dammed some distance upstream from its confluence with the Jordan, and the waters carried southward to irrigate the Arab-held portion of the Jordan valley. The so-called "Mills-Brunger" Plan provides for the construction in western Jordan of an artificial reservoir with a capacity of 80 billion gallons, or about two-thirds the size of the Sea of Galilee. From here the waters would be channeled southward for irrigation of Arab fields.

The Jews themselves have embarked on a program to drain the Huleh marshes—thereby acquiring rich agricultural land, stamping out malaria in this area, and helping to conserve Jordan waters. To the south of the marshes they are making plans to divert practically the entire water supply of the Jordan to the west to help fill their proposed Natufa reservoir, near Nazareth. This reservoir, which in time will receive all available surface waters of northern Israel, is to be the focus for a number of large-scale irrigation schemes throughout the country. Its eventual capacity will be 263 billion gallons.

In considering tension points along the Israeli-Arab frontier, one might recognize three subdivisions: the northeast, the east, and the Negeb (see Figures 3 and 4). In the northeast the boundary situation is complicated by the presence of the demilitarized zone, and by the existence of two small Jewish projections into Syrian territory, one along the southeast shore of the Sea of Galilee, and another for over a mile along the Yarmuk River. Frequent Arab attacks have been made on Jewish inhabitants and travelers in these two sectors.

It is in this northeast sector that the only open warfare between Jews and Arabs has broken out since the signing of the Armistice. In March 1951, the Israelis began reclamation work in the Huleh Marsh. Armed Arab opposition was encountered almost immediately. The Syrians claimed that the Jews were violating Article 2 of the Armistice Agreement, which states that ". . . no military or political advantage should be gained under the truce."

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The reclamation of the Huleh area would, the Syrians claimed, be of both military and political advantage to Israel. They further claimed that the Jews were forcing Arabs in Israel to give up land along the route through which drainage ditches would pass. It was their contention that these Arabs had no wish whatever to lose their fields.[3]

After several border clashes, the Jews evacuated 650 Arabs in the Huleh area and demolished two small Arab villages. The Syrians then crossed the frontier on April 5, killed seven Israeli police, and occupied a Jewish village. The following day Jewish planes bombed Syrian installations, and both sides prepared for war.

Although sporadic fighting continued on into the summer, large-scale hostilities were prevented by prompt UN action. Eventually the Jews agreed to leave the Arab properties alone, the Syrians withdrew from Israeli territory, and drainage operations in the Huleh Marsh were permitted to continue. In the fall of 1953 tension again developed in this area. Syria objected to the construction of an Israeli canal which would eventually conduct water to a Jewish power plant (located within Israeli territory) and from there back to the Sea of Galilee.

In the northern part of the central salient, the boundary cuts through agricultural areas with little reference to the prewar economic or political patterns. As has been said, thousands of Arabs are separated by the border from their fields and orchards. In the case of Qualquilya, the village is in Arab territory, but of the 1,200 acres of citrus orchard upon which the villagers depended for their livelihood, only one and one-half acres remained in Arab territory after the boundary had been laid down. Over 100,000 Arabs in this central sector are classed as unofficial refugees; persons who have lost all or part of their farm lands to Israel, but have retained their homes to the east of the frontier. These persons are not officially entitled to UN relief since they cannot actually be classed as homeless.

The boundary juts eastward in the vicinity of Jerusalem. Jewish forces suffered heavily during the 1948-1949 fighting to

[3] The area of Arab land involved in this dispute totaled less than seven acres.

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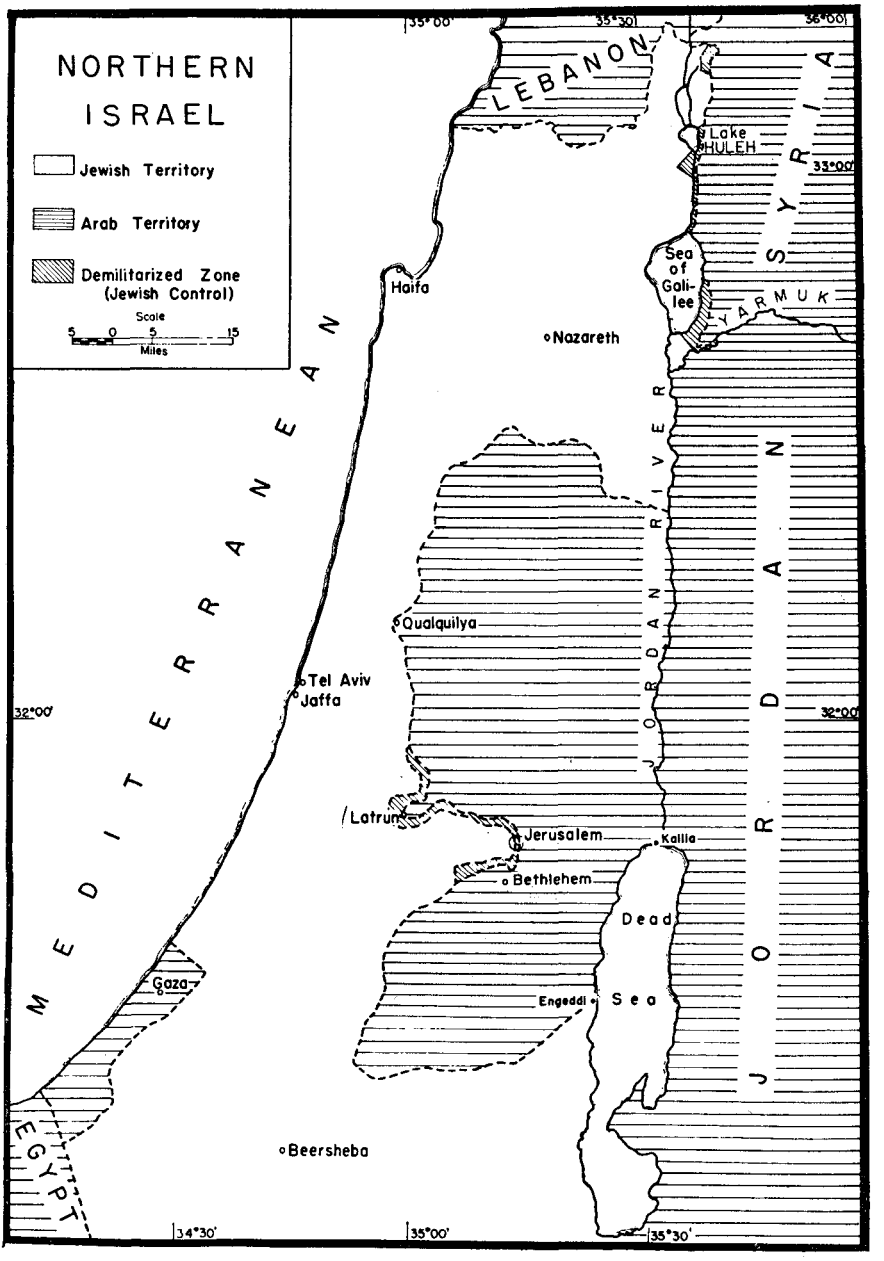

Figure 3

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keep open the corridor linking the city with the western coastal plain; as a result of this military action the Armistice borders were delimited in such a way as to leave western Jerusalem united by a land bridge with the rest of Israel. Over 9,000 Jews have been settled within this corridor since 1949 in an effort to strengthen Israel's claims to possession of the land. In the case of Jerusalem itself, a number of suggestions were offered by UN members concerning its status. The most widely accepted plan was for international control of the city, under the administration of the UN. When the British evacuated Palestine in 1948, violent fighting had already broken out in Jerusalem between the Jews and the Arabs. Eventually, under the Armistice Agreement, the city was split in two parts, the newer sector going to the Jews, and the old, walled city, with its religious monuments, passing into Arab hands.

In December 1949, the UN General Assembly adopted a resolution calling for internationalization of Jerusalem under the Trusteeship Council. Several weeks later Israel declared that Jerusalem was the legal Jewish capital, and that it must therefore remain under Israeli control. The following spring Jordan formally annexed Arab Palestine and the Arab sector of Jerusalem. The UN commissioners found themselves unable to develop any sort of working agreement with the two occupying powers in Jerusalem; finally, in December 1950, the United Nations conceded defeat and Jerusalem was allowed to remain a divided city.

In the frontier zone south of Jerusalem there is less agricultural land, and the border therefore inflicts fewer hardships on the local economy. Bethlehem is in Arab hands, and although the Armistice Agreement calls for the main Jerusalem-Bethlehem highway to remain open, in reality there is no traffic utilizing it today. The Arabs also control the Palestine Potash Company works at Kallia, on the northern shore of the Dead Sea. Since 1948 these works have been completely shut down. The Jews have developed important potash works at Sdom on the southern end of the Dead Sea, and have recently completed a highway linking this area with Beersheba.

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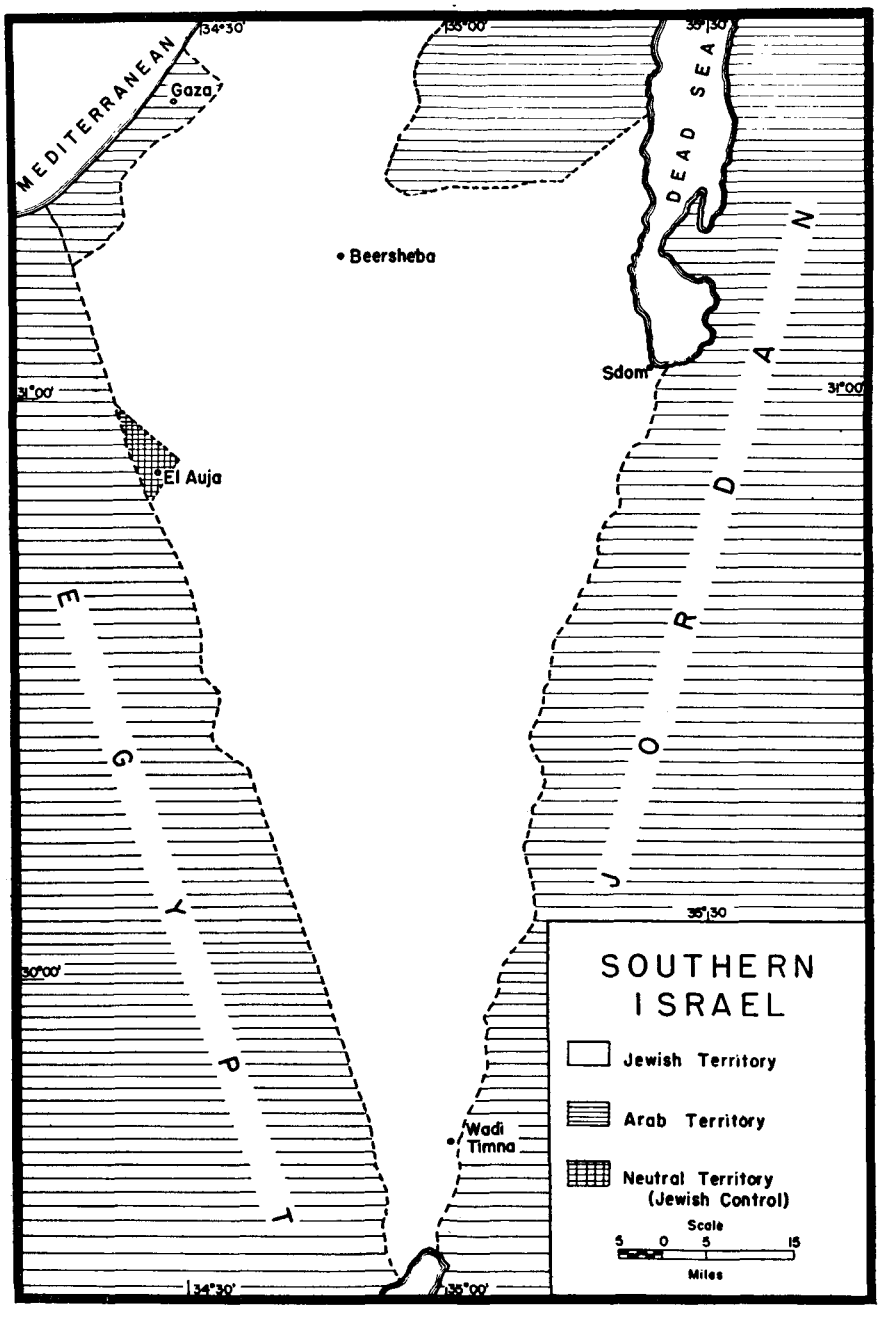

Figure 4

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Along a part of the eastern frontier is a neutral no man's land set up between Israeli and Arab territory in an effort to reduce still further the possibilities of border friction. The zone runs for about forty miles from a point north of Latrun, through Jerusalem, south to the area of Bethlehem. The width varies from a few yards to over a mile. Although this zone undoubtedly reduces the number of border incidents, it represents a considerable waste of land, since no one is legally permitted within the area except when passing from one country to the other.

Between the Dead Sea and the Gulf of Aqaba, the Israel-Jordan border follows the structural depression of the Wadi Araba. The existence of minerals in this area, particularly copper and manganese, has been known since Biblical times. Recently Israel began exploitation of copper deposits at Wadi Timna, north of Aqaba. If the mineral reserves here and at other points in the Wadi Araba prove valuable, the Negeb-Jordan border may in the future prove an additional source of Arab-Jewish friction.

Conditions along the Egyptian border are relatively stable, since the boundary line for the most part crosses an arid waste where there are neither resources nor people. The Gaza sector along the Mediterranean coast is the principal area in which incidents have developed. The crowded Arab refugees make raids into Israel in search of food and supplies. Recently at El Auja, in the Neutral Zone, tensions have also developed in connection with Egyptian claims that Israel is fortifying the area.

In the spring of 1952 an effort was made to effect minor rectifications of the Israeli-Jordan boundary in order to eliminate certain glaring errors, particularly in connection with Arab farmers whose former fields lie in Israel. A mixed Israeli-Jordan commission agreed to transfer the Qualquilya citrus orchard to the Arabs in return for territorial concessions at Sdom which would permit the Israelis to enlarge their potash plant. The prewar highway between Tel Aviv and Jerusalem was also to be opened for Israeli traffic, thereby cutting fifteen miles from the present road distance between the two cities. A number of smaller changes were to be made along the eastern frontier with

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the result that altogether nearly 5,000 Arab farmers would once again be able to utilize their fields and wells. Although the Israeli government was in sympathy with the exchange, the Jordanian government rejected the entire proposal, apparently on the grounds that its acceptance would imply Arab recognition of the permanent existence of Israel.

Future developments along the frontier are difficult to forecast. The Jews have achieved their dream of a national homeland; their wish now is to live in peace with their neighbors and develop the resources of their country. The Arab nations, on the other hand, although forced to concede the existence of Israel as a *fait accompli*, are determined to win certain concessions as a price for peace in the Middle East. First among these is that the Israelis withdraw to the areas originally allotted to them by the Partition Plan of 1947. This would mean surrendering to the Arabs northern Galilee, the Jerusalem corridor, northwestern Negeb, and the southern coastal plain. Israel would never agree to such terms. Rather, it seems probable that the present boundaries will become permanent, barring renewed warfare in the area.

Second, the Arabs demand repatriation of the refugees who fled Jewish Palestine in 1948. Again Israeli officials are adamant in their refusal, not only on the legal grounds that these persons left voluntarily, but also because there is now little room left in the country for them. Since 1948 nearly 700,000 Jewish immigrants have entered Israel, and more are arriving all the time. Already the nation's resources are strained; absorption of half a million or more destitute Arabs would, the Jews claim, be economically impossible.[4] The Israeli government has repeatedly offered to pay agreed reparations for land abandoned by Arab refugees. The Arab nations, however, refuse to accept this suggestion, since it would prejudice claims for refugee repatriation.

Since 1948 the United Nations has undertaken to provide temporary relief for the Arab refugees and to develop projects

[4] The Israeli Communist Party, whose membership is drawn largely from among the Arab population of that country, has adopted a platform calling for return to the 1947 borders and resettlement of the Arab refugees in Israel.

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which will enable them to be integrated into the economies of the countries in which they now live. Altogether, nearly 900,000 persons are listed on the UN relief rolls. How many of these are bona fide refugees, or children of refugees, it is impossible to say. In 1951 the UN General Assembly voted to spend a total of $250,000,000 for Arab relief and rehabilitation. Development of the Yarmuk River irrigation and power system would cost approximately $60,000,000 and provide for the permanent settlement of 200,000 refugees in the Jordan valley. Another proposed irrigation scheme in Syria would provide farm land for the 80,000 refugees in that country. Again, Arab spokesmen are reluctant to agree to these long-term projects, since their development would prejudice the refugees' demands for compensation and for return to Israel.

With the passage of time, most international boundaries become more or less stabilized. Such may be true of the Israeli-Arab borders, although to date there has been little to indicate such a trend. To many Arabs the boundary remains an open wound, a constant reminder of their recent defeat and humiliation. They realize that as time goes by their chances of winning concessions from Israel become increasingly poorer. Crowded with refugees, they face a dynamic, Westernized nation, armed with both skill and capital, determined to transform the barren landscape into a flourishing agricultural and industrial area.

Already the impact of the new nation is being felt throughout the whole of the Middle East. Arab unity has become stronger, Arab friendship and cooperation have emerged as major elements in the struggle of world power politics. So long as Israel's borders remain closed, many effects of the country's development have yet to be experienced in the neighboring areas. In time, however, Jewish skill and technology, Jewish industrial progress, and Jewish political and social philosophies will penetrate the boundary defenses and cause radical changes in the Arab cultures.

The poverty and anxiety of the Arabs meet the youthful energy of the Israelites along the boundary separating the two peoples. It is not impossible to imagine the respective economies

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gradually readjusting themselves to the new division, erratic though the border may be in certain sectors. But if genuine peace is denied the area, the boundary will continue indefinitely to aggravate the antagonisms and frustrations of the two ethnic groups.

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GRANTS AND LOANS IN U.S. FOREIGN ASSISTANCE

By WILFRED MALENBAUM

OF SOME 45.5 billion dollars in aid which the United States has provided to foreign countries in the postwar period from July 1, 1945, through June 30, 1953, roughly 75 per cent is recorded as grant assistance, the remainder as assistance in the form of credits. Examination of the statistics in these two categories suggests that there really is a third category, in which some of the aid listed in each of the two might properly be put. Thus, transactions listed as "grants" have realized some repayments; others have been renegotiated into cash or credits. On the other hand, there are "loans" which are obviously part grants; other loans remain loans only because of our grants to the same country.

There is value in bringing this intermediate category to light, especially since there would appear to be real advantages in the explicit use of this in-between device in providing foreign assistance. Section I is devoted to these tasks. In Section II some aspects of our present foreign aid position are discussed. Today, when the United States government has made clear its unhappiness about foreign aid and its enthusiasm for the businesslike "trade, not aid," this intermediate tool may have particular applicability.

I

POSTWAR FOREIGN AID

In the period July 1, 1945, through fiscal 1953, foreign governments utilized $34,291 million in U.S. grant aid and $12,423 million in loan aid.[1] Of the grants, about $21.1 billion were extended under various programs provided through the Economic Cooperation and Mutual Security legislation. The bulk

[1] The transactions mentioned in this section include neither U.S. funds invested in the International Bank for Reconstruction and Development nor the operations of the Bank itself. This organization made loans in excess of $1.5 billion in this period.

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of the remainder is attributable to "civilian supply" programs ($5.7 billion), the various UNRRA, post-UNRRA and interim aid programs ($3.4 billion), and postwar lend-lease operations ($1.9 billion). However, most of these programs involved some material return to the United States. Thus, practically all ECA grants were extended under bilateral agreements by which some counterpart funds were made available for general use by the United States government. In this way, almost $700 million of these grants were repaid to this government by the end of fiscal 1953. Similarly, the postwar appropriation for lend-lease has been offset in some measure by reverse lend-lease, by the return of lend-lease ships, and by cash settlements of lend-lease accounts. These three types of settlement for our grants have returned $675 million to the United States in the postwar period. A significant component of the original grant aid has also been renegotiated as credits. Thus, $1,256 million of aid originally extended on a grant basis are now recorded as outstanding credits. In total, therefore, some $2.6 billion out of the $34.3 billion of grants have either been repaid, or repayment has been contracted for, through June 1953. In subsequent action, about $1.2 of some $3.5 billion included in the above as grant aid to Western Germany have also been converted to a credit which is to be repaid with interest over forty years. Negotiations with Japan are expected to bring comparable changes in the $2.4 billion of grant aid already extended to that country, primarily under civilian supply programs. It is clear, therefore, that some of our existing grant arrangements envisage renegotiation; others involve some measure of repayment.

With respect to U.S. credits, the total of $12,423 million already includes the $1,256 million originally provided as grant aid. About $2.4 billion of total credits utilized had been repaid by June 30, 1953, in addition, of course, to significant payments of interest. But there exist important differences within the credit category. More than $3.6 billion comprise credits made by the Export-Import Bank from its own capital, or from the funds Congress authorized the Bank to borrow from the U.S. Treasury. While these funds were extended at varying rates of interest and

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under varying conditions for repayment, the total represents a reasonably sound investment abroad. The main exceptions are some early postwar loans made prior to the development of an over-all assistance policy by our government. In any case, defaults have been negligible on Export-Import Bank credits. The Bank has been able to meet the interest payments on the funds it borrows, to maintain its staff and services, and even to return a dividend to capital from the proceeds of its operations.

The Export-Import Bank has also extended over $1.6 billion in so-called "MSA Credits," primarily in Western Europe, Spain, and India. These credits were made at the specific request of, and with additional funds provided by, the Congress. They were extended under conditions and terms which the Export-Import Bank felt it could not provide for loans from its own funds. Also, these Congressionally directed credits were made when the lending resources of the Export-Import Bank were ample. It is therefore safe to conclude that the Bank did not appraise repayment prospects as favorable enough to justify use of its own funds. These transactions clearly constitute a different type of credit than do those made by the Bank itself.

An additional $3.75 billion in U.S. credits is represented by the special Congressional loan to the United Kingdom in 1946. This action also preceded the Marshall Plan and the period of large-scale grant assistance to European economies. Money for the loan was provided through a public debt transaction. The rate of interest charged exceeds the cost of the funds used by only a very small margin. Though administrative costs are probably small, some subsidy is involved in the transaction. In any case, the United Kingdom subsequently received significant grant assistance from the United States. This aid has had some bearing on her ability to begin repayments on the loan.

The remaining credits are primarily those involved in surplus property sales aggregating almost $1.5 billion. As in current plans for aiding foreign countries through the provision of our surpluses of agricultural products, the funds required for foreign assistance were transferred to the various governmental agencies which had purchased the surplus goods for other purposes. It is

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noteworthy, however, that in arranging repayment schedules for these wartime surpluses the government had in some cases to accept returns in the currencies of the foreign countries. This is a privilege of which the Export-Import Bank, as a U.S. *credit* institution, could scarcely avail itself.

This brief examination does suggest the inadequacy of the grant-loan distinction in our past assistance operations. If one classifies as grants only those transactions which are complete gifts, and as loans only those for which repayment prospects (perhaps with some hindsight) seem reasonably assured, about half of our past aid falls in neither category. This residual includes "grants" to be repaid at least in part, or "loans" which may be repaid only in part.[2]

GRANTS AND LOANS AS TOOLS OF FOREIGN POLICY

Foreign assistance has been one of our major foreign policy tools. Our relations with nations requiring assistance are assumed to improve both because of our willingness to aid in time of need and because of the actual contributions made through filling the need. Whatever the particular type of transaction—grants or loans, or even something intermediate if any were to be made as such—all can provide assistance when needed. At least in the short run, credits and grants have the same effects upon the economy of both giving and receiving countries. There is a unilateral transfer of goods and services to the recipient nation in both types of transactions. Immediate needs—whether to meet a drought emergency or to initiate essential long-period capital expansion programs—are filled in both cases. Most governmental credit transactions allow a grace period of from three to five years prior to any repayment of principle. Schedules of delayed interest payments have also been arranged. There has thus been an extension of the time period during which loans are identical to grants in terms of the transfer of goods and services. While

[2] Data on foreign assistance used in this article were taken from various issues of *Foreign Aid by the United States Government*, a publication of the Department of Commerce. An explanatory note in the September 1952 issue of this series refers to foreign aid, extended subject to future settlements, as "indeterminate aid." The reference covers only part of the residual category which is discussed here.

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this point cannot of course be carried too far, credits do meet immediate needs as well as do grants. Both are tools of our foreign policy; both are extended in the expectation of a return in good will and in adherence to common goals of security, prosperity, and peace among free people.

Repayment in the case of a loan refers of course not to such intangible returns but to real recoveries in the form of goods, services, or usable funds. In fact, "credit" implies an expectation of repayment of the amount loaned, plus additional fees which are sufficient to cover an element of risk and expenses involved in the operation. Thus, the credit tool of foreign policy has obvious similarities to a business transaction, such as the "aid" provided by a private exporter, for example, when he delivers his goods in advance of payment by a foreign buyer. There are important differences, however. Credit operations by our government have usually involved minimum, if any, profits, as against some maximization goals of private lenders. Much more important is the fact that most government credits are made for facilities and in areas where private funds would not venture because of the special risks involved. Thus, private capital was not interested in the Brazilian steel loan (Volta Redonda, 1940) or in the Yugoslav mineral credits in 1950. It would not move into such ventures as irrigation in Haiti (Artibonite, 1948) or hydroelectricity in the Philippines (Ambuklao, 1952). Indeed, such companies as American and Foreign Power were able to proceed with their investment activities in a number of Latin American countries only with the cooperation of the Export-Import Bank.

If we then accept both of the familiar forms of assistance as positive tools of foreign policy, why "give-aways," when loans, with repayment, will do the job? Contrary to common belief, the decision to grant rather than lend cannot usually be based upon the specific uses to which the funds are to be put. While credits may seem the more appropriate tool where the resources that come from abroad are used to expand productive capacity, and while grants may seem more appropriate where these resources move directly into consumption, this distinction is not

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usually a valid one. There are countries where future earning prospects may justify foreign borrowing to finance current consumption. Indeed, in some of these areas it can be argued that the most efficient way to expand productive capacity is through the use of borrowed funds to import food or other consumer goods. There are other cases, however, where the provision of funds or equipment for a fertilizer plant, or a railroad, may need to be made on a grant basis. The important element is not the nature of the goods for which the aid is used, but the estimated future ability of the recipient country to repay the assistance provided.

Repayment capacity has in fact been a major factor in determining whether the United States provided loan or grant assistance in any particular case.[3] Less important—indeed unimportant—were such considerations as the "degree of gesture" which we wished to extend to the foreign country, or the nature of the specific goods acquired with our aid. Thus, the bulk of Marshall Plan aid to Western Europe was on a grant basis, despite the fact that it included a large component of capital goods and contributed to a significant expansion in Western Europe's productive capacity. Despite the close ties that bind us to our Latin American neighbors, essentially all our assistance to these countries has been on a loan rather than a grant basis. The best evidence suggested that credits to postwar Europe would have resulted in defaults or in repayment at the expense of other essential expenditures. The best judgment warranted the conclusion that Latin American countries could pay for government assistance and that the need to repay would not impair their ties with this country—quite the contrary.

Nonetheless, the existence in our past aid of a large volume of assistance which qualifies in neither the grant nor credit category suggests that significant departures have been made from the

[3] An explicit exception is the provision of technical assistance. As a matter of policy, the United States provides technical assistance (plus such equipment as demonstration supplies, pilot plants, and the like, which are inextricably related to this assistance) on a grant basis and independent of the country's estimated capacity to repay. This exception is of interest but not of great importance here, since the present discussion concentrates on the "capital side" of foreign assistance, on the aid used for purchases of supplies and equipment which constitute the vast bulk of U.S. aid operations.

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repayment prospect criterion. In part, these departures have been due to overoptimistic calculations of repayment potential. Thus, pre-Marshall Plan aid to European countries (as in the U.K. loan of 1946, and in Export-Import Bank credits to various countries in 1947) reflected a general underestimation of the postwar recovery problem. In some part, too, these departures reflect the existence of a real uncertainty about future returns, as in the case of relief aid to Germany and Japan immediately after the surrender, and in the case of transactions under the lend-lease legislation. In considerable measure, however, they are manifestations of a desire to minimize, or to give the appearance of minimizing, our give-away activities. Use through the counterpart device of part of the Economic Cooperation appropriations to pay for materials we need from the countries receiving aid might be an illustration of this. A clearer case is the inclusion in the early ECA program of over one billion dollars in loan aid to certain European countries. Repayment prospects were not really appraised. Rather, there was simply a desire on the part of the Congress to seem to be giving away less. Appropriations under the ECA act were less than aid; a public-debt authorization provided funds for the loans.

Some of these reasons for the existence of our "in-between" category of aid are sound. Explicit provision for such cases might well be made. This would contribute not only to more accurate factual presentation, but might also have some foreign policy advantages. At the minimum, it might eliminate further credits which can be credits in name only.

CREDITS, GRANTS, AND "RENEGOTIABLE GRANTS"

It is assumed that, when the United States provides assistance abroad, it would prefer to lend rather than grant. Credits, especially if made through a banking institution, should on the whole work out to be no-cost ventures. The money, plus service and other charges, is repaid.[4] In addition, credits have an important

[4] Indeed, the fact that foreign credits can be made through a lending institution, even a public one, which must pay for its own funds and meet its own payroll, establishes a valuable minimum definition for the type of transaction which can be termed a credit. (It is presumed that repayment on international account is desirable despite its impli-

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institutional advantage in the lender-borrower relationship, which assumes that the lender will maintain a continued interest in the programs in which his money is utilized. Oddly enough, there has not yet been developed a comparable relationship in the case of money extended on a grant basis, although progress to this end is now being made in some types of grant programs. There is also a general expectation that a borrowing country, mindful of its repayment and of its interest obligation, will be more careful about its willingness to borrow and its use of a loan than it is about its willingness to accept and use grant funds. The entire credit transaction has a more businesslike aspect; a loan, even from a government bank, gives the appearance of being more removed from the Congressional and political review associated with appropriations of grant aid. Indeed, in some aid-receiving countries, there is considerable opinion which favors loans rather than grants—primarily because it is assumed that there will be less foreign interference and fewer political strings and conditions attached to this business transaction.

The goal of maximizing the loan ratio in a given total of foreign assistance is not achieved simply by "making loans" rather than providing grant aid.[5] If the receiving country really cannot be expected to be in a position to repay (as was the case with the European countries recovering from the war), such "credits" raise basic problems. Will the receiving country be expected to default on its obligations when payment on the credit is due? Will failure to meet the first scheduled repayment involve a deferment which will have certain priority claims upon subsequent foreign exchange earnings? What about the effects upon commercial creditors, such as those providing essential imports? Will our government continue to extend such "credits"

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cations for the future balance of payments of the United States. Of course, if we intend always to maintain an export surplus, the case for credits against grants is certainly weakened. And there are undoubtedly many opponents to grant "give-aways" who would object strongly to an unfavorable trade balance for this country!)

[5] This view has in the past been presented by various members of Congress who argue: we lose nothing by putting a necessary transaction on a loan basis. At the worst, the receiving country will not be able to repay us and we are back where we would be if we had originally provided assistance on a grant basis. The worst situation will not be the case all the time. We are thus sure to come out ahead.

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to a country, given both earlier defaults and the need for further assistance?

Nor is the goal of maximizing the loan component of a given total of aid achieved simply by watering down the terms of the "credits" provided. Thus, rates of interest below the 4 to 5 per cent now charged by the Export-Import Bank (and the International Bank) or amortization periods in excess of the maximum of twenty to twenty-five years now provided cannot possibly be offered even by those lending institutions which have access to the funds raised through government bond sales. This is also true with regard to repayment of credits in local currencies which are not convertible into dollars, or with compulsory reinvestment of such local payments in the borrowing country. Credits provided under such conditions necessarily involve depletion of the effective capital structure of the lending agency or depreciation of its investment portfolio. If credits are to play a larger role in our aid, they must not do so simply by posing as credits and concealing what may be significant grant components.

On the other hand, outright gifts cannot be the sole alternative to such credits. This is particularly true in a period when more of our aid is going to the economically less-developed areas of the world. For many of these countries, the very nature of the statistical information available means that a repayment forecast can at best be an informed guess. Given the key role of this computation, it would seem unwise to shift from a possible no-cost to a certain full-cost basis on the strength of this information itself. Hence, the door must be left open for some recapture where it is warranted. This can be done through the provision of aid on a renegotiable basis, the specific returns (if any) to be determined after the assistance has been extended. This type of operation and its relationship to the complementary tools of grant and credit assistance are indicated in the following description of the three types of foreign aid.

(1) *Credits.* These would be extended by a government lending institution whose resources are primarily Congressional authority to borrow funds and a relatively small capital subscription from the government. The bank would be expected to

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service its own debt and to return nominal dividends on capital. It should of course be able, on the basis of its revenues, to maintain its staff and necessary services to actual and potential borrowers. In general, the bank should conduct its operations as though it were a permanent facility which would not be forced out of business as a result of careless lending activity.

Such a lending institution can adopt an aggressive attitude toward seeking new business, and should be prepared to help would-be borrowers in discovering and documenting sound loan projects. It would endeavor to substitute for grant operations by demonstrating that in some countries the grant can at least in part be replaced by a sound loan. It obviously must take appreciable risks—perhaps increasingly as its loan portfolio is strengthened with transactions for which the repayment prospects have become more certain. As a matter of policy, however, it would not make loans where its best calculation indicates an inability of the would-be borrower to meet repayment obligations. The bank would of course appraise possible loans in terms of the over-all contribution they make to the economy, rather than of the specific performance of a particular project. It would not confine its activity to projects which are self-liquidating in dollars, or even to those that are self-liquidating—provided that the foreign economy as a whole will, perhaps as a result of the loan, be in a position to service the loan in dollars. Indeed, the institution could and should make loans for consumption goods in those borrowing countries where such goods are needed in order to make a contribution to net investment. Such a governmental organization can maintain a respected place among private and international financial institutions; it can meet needs which these institutions cannot or will not attempt to fill.

When a foreign government or enterprise cannot meet the requirements for a loan from such a government lending institution, any aid which the United States extends should take the form of a grant. Distinction would, however, be made between grants which are outright gifts, and what might be called renegotiable grants, for which some material repayment is a real possibility.

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(2) *Grants.* These would be confined to situations where repayment is likely to involve serious interference with the essential foreign trade of the recipient country. Today, several nations of Western Europe might be considered as appropriate receivers of such assistance, especially if the aid were to make possible the higher levels of investment or output which are needed there. Similarly, these grants might properly be made for assistance, whether of military or economic goods, to countries where free-world security required military efforts which were beyond their present economic potential. This type of grant would of course constitute an outright gift. Local sales proceeds, if they arise, or any counterpart funds provided would be used mainly to ease the budgetary burden in the foreign country. In any case, the United States would expect no material returns for its assistance.

(3) *Renegotiable Grants.* All other assistance would fall into this category. In all such cases, some material return is a possibility, depending upon factors not measurable at the time the aid is extended. Such factors would include unforeseeable shifts in the terms of trade or, conceivably, new data which permit a better estimate of repayment capacity, or other favorable developments which could not be anticipated. At the time scheduled for renegotiations—perhaps after a five-year interval—these factors may warrant the complete conversion of the transaction to a sound loan. Cash repayment may even be possible in some cases. Or a second renegotiation date may be set. In general, however, only partial repayment—in cash or as a credit—can be visualized.

Since these alternatives cannot be indicated at the time the aid is extended, it is clearly essential that the United States claim for repayment always hold a residual financial status. It must represent junior paper over which other claims upon the recipient country take precedence.

Wherever possible, these renegotiable grants would be extended through a transaction similar to those used by the credit institutions. In particular, the assistance for a program or project would presuppose significant investment (usually a multiple of the foreign assistance) of local resources in the borrowing country. The administrating agency in the United States will be

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expected to follow its "investment" as the program develops, and to alter the nature and rate of aid so that it best complements the efforts being made by the recipient country. In addition, local currency generated might be used, perhaps through a special fund created for the purpose, either to help in the specific project or to expand the scope of the program. This type of fund could also (or alternatively) facilitate repayment to the United States, should developments warrant this outcome in the renegotiation.

The renegotiable grant makes possible a maximum repayment to this country without threatening or embarrassing the future economy of the aid-receiving nation. It can assure the beneficial effects usually associated with credits. It may also provide a double opportunity for the United States to use its aid as a tool of foreign policy: at the original extension of the aid, and at the stipulated time for reexamination. Moreover, such assistance will not interfere with the sound loan operations of the international lending institutions. Where a country's borrowing capacity is clearly demonstrable, no grant, even of this interim nature, is warranted. Where, however, a lending institution is not at the moment prepared to take the risk, a conditional grant need not be inconsistent with subsequent extension of loans by banking institutions. The renegotiations on the aid would take full account of any new servicing and repayment obligations incumbent upon the recipient country.

The explicit use of renegotiable grants as a third tool of foreign assistance would permit reducing to a minimum that grant aid for which no material return whatsoever is visualized. Moreover, it would encourage the emergence of an aggressive, self-supporting government institution for foreign lending. With such an agency United States government loans to foreign nations could become potent credit tools. Unlike the many Congressionally mandated "credits" of the past, these would be recognized, both here and abroad, as a business form of public assistance. An immediate consequence of the introduction of renegotiable grants might well be a decline in the ratio of credits in our total foreign aid. However, the longer view would show lower costs to our economy as well as more effective contributions abroad.

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For all these reasons, therefore, those responsible for our foreign aid policy should make use of renegotiable grants, along with sound loans and straightforward gifts, as tools of foreign assistance.

II

Except for the International Bank for Reconstruction and Development, there are today only limited multilateral facilities for public assistance to countries requiring aid for relief, reconstruction, or development. Many countries have provided aid to other nations of the free world during the postwar years—notably through bilateral programs under the Colombo Plan and through colonial development efforts. But the 45 billion dollars from the United States have been by far the most important source of foreign assistance.

Increasingly over the past years, efforts have been made to alter the level and to change the form of the aid available among nations. Thus, the current agenda of the United Nations contains proposals for the establishment of a new international fund for development assistance to underdeveloped areas. Thought is also being given to the possibility of supplying some assistance on an equity rather than a loan basis. To this end, a scheme for an international finance corporation has been prepared by the International Bank and is now under (somewhat inactive) consideration by its member governments. In contrast to these endeavors, which are generally oriented toward expanding the facilities and funds for international development financing, current United States government policy is directed toward reducing the level of our foreign assistance. The foreign aid bill for fiscal 1954 was accompanied by many Congressional promises for "an end of aid" within the next year or two. A smaller total of overseas aid was appropriated than in any year since the beginning of the Marshall Plan; the President's budget message in January 1954 assures further reductions for fiscal 1955. In addition, this year's aid continues the recent trend toward assistance aimed at military objectives. There is evidence of a turning-away from action through international agencies. In particular, our

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contribution to the relatively small international program of technical assistance had a difficult history in the Congress; the actual appropriation was the lowest sum this country has made available since the initiation, with strong United States sponsorship, of the United Nations technical assistance program in 1950. While the recent (Randall) Commission on Foreign Economic Policy recommended that we continue our support of this UN activity, it too felt that we should bear a smaller percentage of its costs than in the past.

This contrast has of course much greater significance than simply providing an illustration of one country which seems to disagree with views of sister nations in the international community. Among the nations of the free world, the United States is by far best able to release current income for purposes other than consumption and military and economic investment within its borders. For the years ahead, large-scale foreign aid programs really depend upon the action taken by the United States.

Three types of questions are thus raised. First, is there still a need for foreign aid—in significant amounts and over a significant period of years? Or can we actually anticipate an end of this need within the next year or two—perhaps through "trade, not aid" or through the decline of East-West tensions in the world? If there is need, there is the second problem of how it can best be met. Should it be done through military, economic, and technical assistance, or through what combination of these and other forms? Must it be done primarily through public assistance, or can private funds meet a large part of the overseas needs? Should programs be bilateral or multilateral? Finally, there is the major problem of the attitude of the United States. If there is a reasoned case for aid of some form, will the citizens and government of this country provide the cooperation without which little action can be taken?

Simply to review the answers already given to these problems by many scholars, government officials, columnists, and interested citizens over the past years would require a major effort. Since we are here concerned primarily with forms of U.S. assist-

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ance, some conclusions on the earlier questions will be ventured in order to point up the role of the United States in the future.

THE NEED FOR FOREIGN AID

Some parts of the free world, and particularly the less-developed regions of that world in Africa, Asia, and Latin America, do need a net inflow of goods and services from the economically more advanced areas. This need, however financed, can be expected to exist for a significant period—certainly more than one or two years, perhaps for more than ten.

Aid directed toward military and related national security ends comprises the bulk of current foreign assistance (perhaps 75 to 80 per cent of the estimated expenditure in 1954). Nonetheless, little attention will be given in the following to the problem of U.S. assistance aimed primarily at the building-up of military potential abroad, whether this be in the form of the provision of military end products, the strengthening of foreign economies to this same end, or some combination of both. It is simply presumed that such foreign aid will be continued as an adjunct of our own domestic security measures, and that it will be influenced by the decisions that military strategists make with respect to all U.S. defense expenditure. Depending upon such expert appraisal of the dangers of imminent aggression and the needs of strategic defense, military strength will be built up not only within our borders but at the extremities of the free world, in Western Europe, in Asia, and perhaps in the Near and Middle East. An underlying assumption is accepted, namely, that Western European countries—to say nothing of Formosa and the Middle East—are not economically able today (or are unwilling) to devote enough of their own resources to military expenditures to meet our appraisal of the need. Unless the need declines appreciably over the next few years, this situation will continue to require significant aid from this country.

Economic and technical assistance must be considered as essentially independent of aid directed at military ends. Indeed, it may well be argued that provision of military aid would augment

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rather than substitute for the need for other forms of assistance. This is certainly directly true if the military aid to foreign countries requires (as a complement to or for its maintenance) an expanded domestic economic potential in these countries. Furthermore, insofar as expanded military programs in foreign countries cut into the supply of goods and services available for civilian use, increased security against possible external aggression may be balanced, indeed overweighed, by dissatisfaction with the internal privations that accompany it. The allure of domestic Communist activities may thus be heightened.

The independent case for economic and technical assistance rests, on the one hand, on the imbalance between national product per person in different parts of the world and the low absolute levels of living standards in important areas of the free world and, on the other, on the fact that such differences are today incompatible with international stability. An upward movement in these levels will require greater efforts than the resources of the countries themselves will yet permit. This statement needs a somewhat different interpretation for such countries as Japan and (in general) those of Western Europe than for most of the underdeveloped areas. The former group needs to expand total output, but their resources are only part of the limiting factors; goods they produce (or could produce) are not readily exchanged abroad for the goods they need to import. At present levels (and certainly at higher levels) of total output, they encounter problems of currency convertibility. Many underdeveloped areas, on the other hand, are actually restricted in their efforts to expand output by a shortage of investible resources.

It is difficult to be categorical about the level of foreign assistance needed for these economic purposes. The funds appropriated for the current year (less than half a billion dollars for European countries and a roughly similar amount for underdeveloped areas) can be considered low relative to needs. For fiscal 1955 the President has nonetheless requested a reduction in appropriations for Europe, but with a corresponding increase in the funds for the underdeveloped countries of the world. Indeed, there can be little doubt that even the new ratio of aid

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to real need in the latter group is very small. Their net inflow of goods and services must be expanded even more, despite the fact that such expansion is in some cases impeded by the state of technical knowledge. Economic and technical assistance must be combined in such a manner that the underdeveloped countries can put to effective use the goods and services that will help expand their national output.

It can be expected that, eventually, expanded output in many parts of the world (and this may be accompanied by expanded world trade) will obviate the need for aid.[6] However, the present and prospective requirements for net transfers of goods and services are such that the creed of "trade, not aid" has at best limited applicability in the context of today's world. Parenthetically one may observe that, given the importance of the net need in the underdeveloped areas and of what might be called a convertibility need in Europe and Japan, these may be combined in some part. Some U.S. aid to the underdeveloped areas might be channeled through the other group of countries. For example, agricultural products that we can supply to Europe and Japan may be "paid for" by equivalent (or larger) exports from these nations of the manufactured goods and capital equipment needed by the developing countries. Such a formula may conform somewhat to "trade, not aid." At any event, by alleviating the problems of food imports and of export markets for Japan and Europe, it can help expand their output and reduce our aid burden.

FORMS OF ASSISTANCE

Within the total of net inflows of goods and services required by nations of the free world, there is undoubtedly room for net investment by private individuals and organizations. Insofar as these are business organizations (as contrasted to philanthropic groups such as those which extend aid to Israel), it is not likely that they can, or indeed should, provide more than a relatively

[6] This may also be true in the case of aid directed at military objectives. A world political situation requiring less frontline strength may release for other purposes the resources being devoted to maintenance of military potential at current and prospective levels.

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small part of the net flow. There are large investment needs in agriculture and irrigation, in transportation and power, in education and social services. In some cases, there is also need for investment in extractive industries, and in manufacturing and servicing facilities. In general, however, the situation is such that the largest possible proportion of the resulting income ought to remain in the foreign country, either for consumption or for further investment. In these circumstances, the appeal of such investment to private business in this country may well continue to be small, particularly if investment opportunities in the United States and Canada remain attractive. Significant expansion in the investment flows to underdeveloped areas, and to Europe, has not resulted from any of the incentives our government has yet offered to American business.

International organizations have an important part to play in this transfer of economic and technical goods and services. Here, the International Bank is already performing a large and expanding role. The United States supports this activity, and in general refrains from direct action in foreign programs which the Bank can undertake. Apart from this organization, the greatest effectiveness of international organizations in the near future lies in the area of technical assistance, along the lines of the current work of the U.N. Technical Assistance Administration. The state of international cooperation on the one hand, and the relatively scarce resources available for net transfer on the other, render unfeasible further instruments for international allocation of relatively large amounts of net economic assistance. While this position is advanced with many regrets, its significance may be moderated by increased use of some international facilities to supervise net assistance, once this assistance has been allocated through bilateral arrangements. Also, there is certainly scope for multilateral discussions, either in the United Nations and its affiliated agencies or through such organizations as the Colombo Plan, of the effects of and necessary directions for bilateral action.

Finally, there is room for experimentation with some devices for providing public international assistance on an equity basis, perhaps along the lines of the proposed International Finance

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Corporation. There are major problems associated with the United States or an international agency being an owner of public or commercial enterprises in other countries. Pending the results of such experimental programs, foreign aid will probably have to proceed as in the past on some sort of portfolio basis.

UNITED STATES ASSISTANCE

These summary statements point to the need for a continued, and perhaps expanding, role for economic and technical assistance from the United States government to countries of the free world. Such aid is supplementary to any military assistance demanded by our own security needs. The administration's emphasis on trade rather than aid can meet the problems of the next years only in part, if at all. Tariff reductions or realignments, perhaps of the type recommended by the Randall Commission, might make some contribution to the economic problems of a number of countries, particularly in Western Europe as well as Japan. However, even optimistic estimates of the increase in our imports as a direct and indirect result of action with respect to tariffs will not meet the convertibility problem. Such action can do much less for the underdeveloped areas. These countries, where new investment should yield significant expansion in national product, may be able to utilize public credits in much greater volume than in the past. A vigorous public credit institution of the type suggested earlier in this article might therefore make a large contribution. If trade has advantages over aid—because it is business, because it is mutually advantageous—sound loans should not have much smaller advantages. On balance, they would not be costly. Our domestic problems of accepting future repayment are certainly not greater than the problems of accepting immediate imports equivalent in value to the amount loaned.

Where trade cannot provide a substitute for net assistance, and where sound loans cannot be made, the only alternative is of course grant assistance. In the current year, our outlays for such economic and technical aid abroad will probably be less than one-half of 1 per cent of our national income. On a relative basis, at any rate, even an expanded level of aid can remain a small

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figure. Moreover, our present agricultural surpluses can contribute to at least part of such an expansion. As was suggested, these commodities are well suited to multilateral transactions which can help meet both the net needs of the underdeveloped areas and the convertibility needs of Europe and Japan. Finally, the broad use of renegotiable grants as a tool of assistance can not only improve the effectiveness of our grant aid but also assure that it involves a minimum net cost to our economy.

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A PLAN OF RESEARCH IN INTERNATIONAL COMMUNICATION*

A REPORT

A FARM leader in an inland state talks about surplus wheat rotting at the railroad sidings, and his words create bitterness among hungry people in countries far away; a promise made by the leader of a powerful nation may raise their hopes. A film produced for an American audience may stir envy of our comforts among the people of Western Europe and contempt for our materialism among the intellectuals of Asia, yet a book, or, indeed, another film, may combat false notions of American life and institutions. Race prejudice in one country repels the people of a second country and makes them more receptive to the blandishments of a third. The achievements of a nation—whether in technology, science, economic productivity, or military preparedness—may influence the attitudes and actions of both leaders and masses abroad.

All these things—words, acts, or attitudes—can be called "communication" if they become known. These words, acts, or attitudes may be originated by private individuals, officials, or groups. Whenever by design or by accident they impinge upon the minds of private individuals, officials, or groups from other countries, they become "international communication."

A research program in international communication may therefore cover a very broad field. It may be concerned with public or private messages, with the international contacts of labor unions, political parties, churches, and voluntary organizations. It may study the correspondence among scientists or businessmen of different countries, the impressions made by

* In the summer of 1952 the Behavioral Sciences Division of the Ford Foundation made a grant to the Center for International Studies at the Massachusetts Institute of Technology for a four-year program of research in international communication. The Center appointed a Planning Committee to advise it on the use of this grant. The Committee consisted of Hans Speier, Chairman, Jerome Bruner, Wallace Carroll, Harold D. Lasswell, Paul Lazarsfeld, Edward Shils, and Ithiel de Sola Pool, Secretary. This article is a condensation of the Committee's Report.

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tourists or armies of occupation, the reports of press services, the ways in which different peoples build up images of "gringoes" or "gooks," the illusions created by books, motion pictures, or slick magazines, the expectations or disappointments caused by official statements or the maneuvers of diplomats.

But a research program which will meet the needs of the present time must go further than this. It must take into account not only the contents of the impulses which proceed from one people to another but also any activities or social conditions or mental predispositions which affect their nature or reception. The structure of the media through which the impulses pass, the attitudes and social circumstances of their originators, the predispositions of the receivers—all these affect the impact. For this reason, research in international communication should pay attention to social conditions, attitudes, and institutions which influence the production or reception of "images" among peoples.

"International communication" viewed in this way is indeed a broad area—so broad, in fact, that it embraces most of the social processes. Yet, in approaching a research program, it is best to reject the alternative view of communication research as the specialized study of the mass media. Such a program would be relatively unfruitful if it segregated for study one particular group of human actions concerning mass communication as if they were governed by principles unlike the rest. The study of communication is but one way to study man, and the study of international communication is but another way to study international relations.

I. Choosing Research Projects

Within this broad field of international communication, it is possible to suggest some approaches and areas for special emphasis in a research program. A number of criteria should be applied in the selection of research projects, among them the criteria of scientific merit and political significance.

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A. SCIENTIFIC CONSIDERATIONS—THE NEGLECTED AREAS

Most early studies in mass communication proceeded from an artificial situation in which an atomized audience (each individual listening or reading separately) responded directly to a message in the radio or press. In such a situation there is little or no "feedback," i.e., response. A communication specialist (such as a broadcaster) speaks, and the passive members of the audience respond as individuals.

More recent studies have begun to analyze more complex patterns of communication. They examine situations in which messages conveyed through the mass media are interpreted or "refracted" by opinion leaders who may be friendly or unfriendly to the originator of the messages—situations in which there is much feedback and much audience interaction in interpreting and reacting to messages, and situations in which messages cumulate or counteract one another through time.

In international affairs the pattern of communication is seldom a simple one-way reaction to mass media. International communication is often communication to audiences who are hostile to the author, or who at least have predispositions very different from his, and who will, therefore, not respond in a simple fashion to an unmediated and uninterpreted message through the mass media.

Given these complexities of international communication, and given the present gaps in our scientific knowledge, the following types of studies should be of considerable interest to future researchers: (1) studies of elite (leadership) communication; (2) studies of mediation or opinion leadership; and (3) studies over moderately long time spans.

(1) *Elite Communication.* Elite communication means messages to or among persons who wield considerable influence in society. The "elite" is not a homogeneous whole. The wielders of power (political elite) may be distinguished from those who control wealth (economic elite) or those who are intellectual leaders (cultural elite). The term "elite" may refer to all of these or just to some of them, depending on the context.

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Elite communication presents a real opportunity for research, because, though little studied in the past, it deeply influences what men do. The influence of elite or of mass communication varies with the situation. Mass decisions themselves constitute consumer demand, but elites frame legislation. Public opinion may greatly affect immigration policy, but the opinions of a few experts may decisively influence foreign exchange policy. Popular opinions play a smaller role in a totalitarian state or in a state with a caste hierarchy than they do in a democracy. Foreigners can reach the ear of the masses of some countries only by addressing those who control the mass media. In other situations, however, the elite may be influenced by changing mass opinion. It takes research to learn under which social conditions mass or elite opinion decisively affects decisions. Only when the persons who make the decisions are identified can research explore the influence of communication upon these decisions.

Within the field of elite communication, research may be pursued in three directions: (a) the sensitivity of various elites to public communication; (b) the background, outlook, and role of the specialists in international communication; and (c) techniques and organization of communication between elites.

(a) With regard to sensitivity, questions of the following kind can be raised: What are the differences among elites of various times and countries in beliefs concerning the importance or efficacy of propaganda, in awareness of the international repercussions of the public statements which they make at home, in opinions about the need for reticence in international relations? What preferences do elites show for certain types of channels or procedures? What are their images of the recipients' susceptibility to various types of communication? What are their relations with specialists in communication—journalists, public relations experts, educators?

(b) Studies on the background, outlook, and role of the specialists in international communication could be devoted to such matters as the images and categories that these specialists use in perceiving and interpreting international affairs; their training, knowledge, and techniques; their social backgrounds;

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the views they have of their own social role in relation to that of other groups; and their expectations and sentiments concerning foreign peoples, groups, and governments. What are the contacts and political influence of these specialists? How do their work relationships affect the opinions they express? How is competence measured and who succeeds? What are the normal career patterns? What degree of specialization is prevalent in the profession?

It would also be useful to study the ways in which different communication policies are carried out. Such studies would involve the examination of directives; the extent and place of deviation from the directives, whether deliberate or unintended; and the use of various types of intelligence about an area in the formation and execution of policy.

(c) Studies of the techniques and organization of communication between elites call for analyses of the skills and practices of various elites in negotiation as well as for inquiries into the expectations with which negotiations are initiated. What is the importance attached to discussion, compromise, and agreement? Is there a preference for agreement on principles vs. specific details; a transfer from domestic experiences in bargaining, adjudication, "committee" work, etc., to preferred procedures in international discussions? What are the standards in factualness, candor, secrecy? More fundamentally, what importance do the political elites of various nations attach to negotiation as an instrument of policy in comparison with other instruments, such as economic measures, international propaganda, military force, diplomatic notes, subversive efforts? What issues are regarded as capable of resolution by negotiation and what conditions are considered to be propitious for entering negotiations? What notions do various political elites have of the negotiatory practices and skills of other elites?

It is harder for the social scientist to approach and observe men of influence than it is for them to approach and observe other men. That is one reason why elite behavior has not been adequately studied in the past. The difficulties are no reason for discouragement, but rather a challenge. The social scientist, even

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when he has no advantage over anyone else in access to data, may compile systematically what others note and forget, and he may bring to bear on known facts his own peculiar insights. A communication program should, therefore, seriously seek to further the analysis of elite behavior.

(2) *Mediation and Opinion Leadership.* Once neglected, and therefore also in need of study, are the processes of mediation between the mass media and their ultimate audience. Communication takes place through a network of communication specialists, opinion leaders, and receivers. A news story in the press may have its main effect not through immediate reader reaction, but because interested persons pick it up, talk about it, and point out its implications. The influence of the mass media is exercised in part through the mediation of opinion leaders within the audience. The structure of communication in a society evolves from the structure of the society itself. Who talks to whom, how often, on what subjects, and with what influence are aspects of the social structure. The patterns of communication—whether continuous, sporadic, one-way, two-way, up or down the social ladder—vary as widely as the patterns of authority and responsibility, respect, contact, avoidance, and value distribution which along with communication constitute the social structure.

The student of international communication will concern himself with politically important international contacts evolving from the social structure. Who listens initially to foreign broadcasts or uses a foreign information center? What are the social and psychological characteristics of persons who belong to a foreign-controlled movement? What position do such persons occupy in the hierarchies of their own countries? Are they opinion leaders? Who are the opinion leaders, and what is the accepted meaning of "leadership" in a given culture? How far do their predispositions modify messages which they repeat? Which messages do they repeat and which do they forget? How far is the Communist message more effective than the American message because native agents diffuse it? How can channels of

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mediation be established in different social systems? To answer such questions, it will be necessary to study the communication process as a part of the total social process.

(3) *Studies over Moderately Long Time Spans.* Studies are also needed which will observe communication processes over a fairly long period of time. A study of the effect of a single message treats the effect of all previous messages as "predisposition." In a study with an expanded time span, factors that have been assumed become variables to be examined. The study thus gains in validity, for real attitudes and beliefs are a resultant not of one stimulus but of a series of varied messages and other experiences. It takes time for attitudes to change in response to a stimulus, and each resultant attitude may be fed back into the communication stream as a new message with new effects.

For these reasons field and laboratory studies are needed which will observe the processes of communication over periods of months and years. Studies are needed which will segregate the fluctuating from the stable components of attitudes. So are studies which will last long enough to observe the dynamics of major opinion changes as they actually occur. For such studies, continuous observation of a situation over a considerable period is preferable to the usual one-wave or two-wave interview design.

Just as depth may be obtained by continuous interviewing over a protracted present, so, too, depth may be gained by exploring the past of the phenomena observed. There is considerable value in historical research done in connection with and in support of studies of current affairs. Historical studies will help to set work on current problems into a proper context.

A communication program, however, should engage in historical studies not for their own sake but for what they can tell us about the present. If, for example, the researchers study German responses to communication from East and West, they will want to know not only the current opinions of dominant groups in Germany, but also the policies that they pursued in the past under conditions of different constellations of power which may recur in the future.

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B. POLITICAL SIGNIFICANCE

To some, the requirement that research projects should be of political significance might seem to conflict with the first criterion —that they should be of scientific merit. The committee considered this objection carefully, and its members were convinced that no conflict need arise. In fact, the great political problems of our time offer an inescapable challenge to scientists of all kinds. There is, therefore, every reason why a communication program, in selecting its research projects, should keep in mind such issues of major political significance as the conflict between the Kremlin and the free world, the integration and disintegration of Europe, and the rise of new nationalisms in countries that have in the past been colonial areas of European powers. These are issues which affect the lives and institutions of people here and abroad. They are the essence of international affairs in our age. International communication as well as the other instruments of foreign policy—economic, political, and military—in one way or another are being applied to these issues and bear upon their resolution.

(1) The conflict between the Communist and the free worlds is of decisive importance to the balance of power and the future character of our civilization. Far from being merely a struggle for power, this conflict is also a contest of ideas and ideals for the hearts and minds of men both in the Soviet empire and in the vast "neutral" areas of the world which lie outside either sphere of influence.

(2) Europe is at present divided between the East and the West. The future course of Western civilization is dependent upon the result of efforts to find new and stronger forms of economic, political, and military organization in Western Europe which would supersede the heritage of divisive national loyalties that has rent the continent for many centuries. Again, current efforts toward the integration of Western Europe are not only matters of negotiation and compromise. Beliefs and sentiments as well as interests are involved, and the success of European integration depends on the degree to which a common understanding of

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freedom and justice is shared by the nations concerned. This is in no small measure a matter of communication across the barriers of divided interests, loyalties, and fears.

(3) Finally, the rise of new nationalisms in Asia and Africa, which may be called a phenomenon in intercultural learning, may profoundly affect the balance of power and the status of Western civilization in the years to come. The Kremlin attempts to utilize these powerful movements in the economically less highly developed areas of the world for its own political ends. The West cannot be passive. Its policy cannot be merely one of economic assistance or of pressure, as the case may be. It must rather take account of the cultural traditions of the areas involved, which are older than that of the West and as venerable to the peoples involved as is ours to us. The task then faced by the West is to a large extent one of intelligent and sympathetic communication.

C. DESIRABLE METHODS

Projects which seemed important to the committee are likely to call for three main types of research: historical studies, field studies, and laboratory experiments.

The committee attached considerable value to "historical studies" for the reasons just explained.

It was felt that a communication program should also give due emphasis to experimental research even though its initial interest would be in actual problems of the great society. Initially it would be drawn to the observation of important and large-scale communication processes beyond its control or manipulation. Whenever feasible, however, the study of such situations should be accompanied by experimental studies of their manipulable parts or analogues. Such research by experiment would increase our knowledge of basic communication processes, and thus suggest methods and concepts applicable to renewed research of life situations.

Such a research program might wish to study experimentally patterns of communication behavior between persons separated by large social distances or by great differences in belief, informa-

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tion, or aspiration. It might be desirable to conduct experiments on interpretation of messages in foreign languages, or on the differences in interpretation of messages by persons familiar with, or ignorant of, their referents. Such experimental studies might well be conducted abroad as parts of field studies.

In recent years American research institutions have undertaken extensive field studies of the effects of mass communication in this country. These surveys have led to generalizations about audience reactions: which types of persons read or listen to which types of matter, and how much; who are the face-to-face opinion leaders and who are their followers; what areas of respect and amounts of prestige are accorded to different sources of information; what psychological functions various media perform for their audiences; what attitudes and beliefs in America influence the interpretation of communication. On foreign audiences we have but little of that type of knowledge. A communication program has a real opportunity to reduce our ignorance by exploring the cultural limits of generalizations in this field.

Different methods are needed to observe different stages of the communication process: the message, the media through which it travels, and its effects. To analyze the contents of a message, content analysis may be called for. The media which transmit it may need to be institutionally described. Its effects on attitudes may best be measured by a survey. The committee suggested, however, that a variety of methods should be jointly brought to bear in most single projects.

The communication process is an unending chain of social events. Where we cut the chain and which messages we thereby call "stimuli" and which "effects" is an arbitrary matter. It is, however, possible to distinguish studies which encompass several stages of the causal chain from those which isolate one stage in order to describe it. Examples of the latter are descriptions of content which are linked neither to its determination, nor to the institutional structure of the medium in which it appeared, nor to its consequences. The committee preferred studies which view contents or media as parts of the chain of stimulus and effect.

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Ultimately, the success or failure of a program will be judged by our ability to say what is likely to prove effective or ineffective communication. That is the one operational question which the communication specialist is most often asked, but it is also the question on which our current knowledge is most deficient. We have a fair amount of descriptive information about each stage of the communication process. We know something about the distribution of attitudes. We know something about how the mass media are set up and what they contain. But we know little, and need to know more, about how attitudes and behavior change under the impact of communication.

II. Sample Projects

The criteria outlined above for selection of research topics do not in themselves constitute a research program. The implications of these recommendations may be illustrated, however, by mentioning a few sample projects that would meet the criteria of scientific relevance as well as political significance.

A. Three topics bearing on the rise of new nationalisms

(1) *Elite Communication: Studies of the Indian Intelligentsia.* The Indian intelligentsia is an important element of the Indian elite. In India, perhaps more than in the West, intellectuals play a major role in influencing political decisions. Specific projects might include (a) a study of the roots of their image of Westernization, and (b) a study of political organization of Indian students.

(a) The image of the West held by Indian intellectuals will be passed on to the rest of the Indian populace. A research project might investigate: What Western literature is being read by Indian intellectuals? What impressions do Indian students get abroad? The psychological functions served by rejection and acceptance of the West. The intelligentsia's predispositions toward such values as work and wealth, freedom and progress.

(b) Students are the future intelligentsia. They are also active in politics and highly organized. A communication program

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might investigate: How far do political attitudes and affiliations of Indian students persist in adult life? What are the appeals of student organizations—ideological or personal?

(2) *Mediation: Study of Effective American Spokesmen to India.* The Indian elite form their images of America only partly from the mass media. Another important source are Americans visiting or residing in India—official envoys and information officers, businessmen, tourists, journalists, and technical assistance personnel. Some of these are notably successful as spokesmen for the United States; others fail. It might be useful for a communication program to study the distinctive social and personal traits of the most effective and least effective persons.

How far does effectiveness at home indicate effectiveness abroad? What personality types and what conduct are "effective"? What is the relationship between the conduct of those Americans who are successful in India and the prevailing Indian stereotype of the American? From what social classes or specific social groups do effective spokesmen come? Are they especially successful with specific social groups in India, e.g., members of their own profession?

(3) *Long-range Studies: The Origins and Development of Certain Elements of the Indian Image of America.* A totalitarian state may be able to control much or most of the news of its governmental practices which reaches other countries. What is said and done in countries with democratic governments, however, may inadvertently reach the outside world; only to a limited degree will domestic and foreign information diverge. A case in point is information about American treatment of the Negro. It might be worth while for a program to investigate when and how knowledge on this topic first reached India; how extensively it spread; how accurate or inaccurate the information is in fact; and how attention has fluctuated over a period of time.

Another case in point is the Indian image of Western imperialism or of Western military intentions. Do different generations, for example, interpret the motives of Western foreign policy in significantly different ways? Does the generation whose

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attitudes have been formed since India has attained independence differ in this respect from the generation that grew up in the midst of the nationalist struggle? Do the two age groups differ in attributing to the West imperialistic motives, a desire for trade and economic exploitation, prejudice and snobbery, etc.?

B. THREE TOPICS PERTAINING TO THE ISSUE OF EUROPEAN UNIFICATION

(4) *Elite Communication: Businessmen and Foreign Affairs.* In both Europe and America, the foreign policy attitudes of those who are professionally responsible for the conduct of international relations differ from the attitudes of those who look at international relations from a private point of view. There are differences, for example, in interest and outlook on foreign affairs between the diplomat and the international labor representative or between the diplomat and the foreign trader. The businessmen engaged in international economic activities are a particularly influential elite group whose international communication might well be studied. In both Europe and America they have an important influence on the prospects of European unity.

How far are their attitudes affected by business considerations and how far by ideological or political considerations? What role does the desire for East-West trade or for protectionism play in attitudes toward unity? By contrast, how important are such factors as fear of German military resurgence? Perhaps opinions on economic issues directly affecting business interests are sharply segregated from political considerations. Perhaps this is true in the case of certain issues more than of others.

How far do international businessmen rely on special sources of information and how far on the mass media? The role of special newsletters and trade papers might be explored. So, too, might the role of personal experience on the spot. One hypothesis worthy of study is that this group derives its information and forms its attitudes toward German rearmament or American military aid programs more from domestic mass media than

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from its own experiences abroad or its foreign contacts. This hypothesis may or may not prove true, or it may be differentially true for men from different countries. To the extent that the hypothesis holds up, it suggests research along various lines: experimental studies on the relation of new factual information to established general attitudes—how are they kept insulated? Which are the "reference groups" of the international businessman: whose opinions does he prize? How much does he care to learn about other groups? What is his concept of expertise and evidence in foreign affairs? How wide are his own contacts and how good are his sources of knowledge? How far is he aware of the limits of his own observations? What is the relative weight of self-interest and national feelings in his attitudes?

(5) *Mediation: Pro-American vs. Pro-Communist Europeans.* What are the distinctive characteristics of those Europeans who speak to their own people for the United States or for the Soviet Union? How aware are they of their role as mediators? How do they justify this role? How far do their attitudes represent a breakdown of nationalist sentiment which is favorable to the formation of broader international units? What power do they have to influence decisions? What is it that leads them to promote the ideals of democracy or the aims of the agitprop apparatus, Western European unity or pseudo-nationalism? Social origins and early indoctrination are obviously relevant, but how far is there also selection by personal values such as intensity of drive, personal ambition, desire for comfort, idealism, and willingness to sacrifice? How do these personal factors of selection bear upon the effectiveness of either group?

(6) *Long-range Studies: European Attitudes Toward Unity—A Panel Study.* A useful panel study involving field observations over a good many months could be done on changing attitudes toward the European Defense Community and German rearmament in France and Germany. Deep conflicts, ancient attitudes, and urgent current needs complicate the formation of stable attitudes toward EDC. An intensive study of attitudes and communication in one representative town in France and one in West Germany continued over two years would permit an assess-

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ment of the impact of tradition, nationalism, partisanship, political organization, foreign communication, fresh events, etc., on the formation of opinion. How much and how rapidly do opinions change? How do the communities divide internally on the issues? Which strata have stable attitudes and which change under influence? How do the generations compare? Do those whose formative years coincided with the First World War differ from those who reached maturity in the depression, in the years of Nazi ascendancy and occupation, in the years after the last war?

C. THREE STUDIES OF COMMUNICATION IN THE EAST-WEST CONFLICT

(7) *Elite Studies: Diplomatic Negotiations Between Soviet and Western Powers.* In the course of the conflict between the Soviet empire and the West frequent and often tortuous negotiations have taken place. What types of information about the intentions and attitudes of their opponents do American, British, French, and Russian diplomats rely on? Are they influenced by memoirs and other historical records of negotiations, by knowledge of previous negotiations, by interviews with other diplomats? What type of information comes through the reporting network to the negotiators; how are they selected; what importance do they attach to open sources such as the press, as opposed to secret sources such as foreign office reports or clandestine agents; do the negotiators view their opponents as flexible individuals or as exponents of a fixed policy; how much attention does the negotiator pay to his opponent's moods and feelings, his arguments, the interests and publics lying behind him?

(8) *Mediation: Interpretation of Communist and Democratic News and Propaganda by Persons from Non-Western Cultures.* In developing the kind of bilateral communication with the elites of Asiatic countries which will increase their understanding of our role in the East-West conflict, we need more knowledge of the ways in which their ideologies and value systems color their image of our intentions as derived from such communication. For example, from a sociological analysis of Moslem

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views in various social and functional groups and a political analysis of the influence of these groups, we might gain insights into the consequences of varying degrees and types of reference to our own religious values.

(9) *Long-range Studies: Totalitarianism and Communication.* When in the course of the cold war a new area has come under totalitarian control, we have seen a process of gradual intimidation and intensification of controls. Men have had to yield step by step to a progressive narrowing of the range of initiative and choice and to growing fear. What are the consequences of such protracted pressures on communication? There is a withdrawal of attention from broad issues to the events of the individual's life. There is self-persuasion or rationalization by which men force themselves to believe what is acceptable. Finally, there are a variety of forms of intellectual resistance: Aesopian language, grumbling, rumors, jokes, inertia, generalized disbelief, and organized undergrounds.

The impact of such controls on satellite areas can be studied directly only in part. The problem can, however, be studied in analogous situations. Historical studies of communication behavior under Nazism, prewar Communism, or other terrors are appropriate. What happened to the German journalists and their patterns of writing as they were compelled to conform to Nazi controls? What did the readers of the Nazi press in the absence of other information believe to be the truth about the Munich Pact or the Stalin-Hitler Pact? When they discounted the official versions, did they infer versions which were close to reality or did they engage in wishful or fearful thinking?

The impact of dictatorship on communication behavior can also be studied by intensive observation of special situations where controls or terror supervene: prison camps, rioting and martial law, persecutions. To whom do the victims talk? In whom do they confide? How much can they take before knuckling under? Under what circumstances can they hold to an abiding resistant faith? The key question, however, is what happens through time. The impact of controls is a gradual one. What happens to men under continued isolation, intimidation, and

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hopelessness? What happens with continuous repetition of a single theme? What happens when no relief is in prospect?

III. The Present Opportunity

Plainly, we need to improve the existing body of knowledge about international communication if we are to give better advice to the statesmen and private individuals who are active in this field, and who are continually asking for guidance on technical matters. The present opportunity is to build up a program capable of contributing to a new and neglected frame of reference that cuts across the established fields recognized in research, teaching, and policy.

The established fields can themselves benefit greatly from being brought into closer working association with one another. In different terms, the interconnections of politics and communication have been investigated by historians and social scientists. A great body of cumulative research has already been done on the place in the world of the political process of "myth," "ideology," "legal doctrine," "philosophic doctrine," "collective sentiment," "public opinion," "propaganda," "open and secret diplomacy," "secret and open intelligence," "the invention, diffusion, and restriction of ideas," and many related topics.

A recurring problem of such research has been: To what extent do changes in the structure of world politics interact with changes in the structure of world communication? In modern history the structure of world politics has undergone fundamental transformations. The formal unity of the Roman Empire in the West was associated with a multitude of lesser power units which were later modified into a pattern dominated by a few great national states and a large number of smaller powers. More recently, coalitions have been crystallizing in reference to two major poles. The trend from polypolarity toward bipolarity has interacted with the ideological polarization of "socialism" and "liberal capitalism." Research has concentrated upon tracing the interactions through time of such changes in the polarities of power and of the distribution of ideologies.

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Another recurring topic of research has been: To what extent does the making of foreign policy interact with the communication process? Pertinent questions in concrete studies have been: What persons and organizations are relied upon by the heads of states, the diplomats, the generals, and others to provide open or secret information about enemies and allies? What incoming information is regarded as credible by the individuals and agencies who perform the intelligence function? What modifications are made by the agency in communicating with those whom it serves? What is the flow of communication to and from those who make policy?

There is a third example of recurring emphasis in the traditional study of world politics and communication: What are the strategy and tactics of communication in achieving the aims of national policy in world affairs? It is clear that "communication" effects are often among the chief objectives of policy, as when a "friendly atmosphere" is a major goal. But the communication instrument is also essential to attain objectives that are primarily diplomatic, economic, and military. Accounts often describe the use of communication to shape public opinion, as well as to affect the outcome of negotiation by means of persuasive language. Other studies deal with "economic" objectives, such as encouraging trade or investment. The history of "military" policy frequently includes an account of how communication is used to cope with problems of warfare.

When we turn from this reminder of the scope of world political studies in the past and come to specialized research on communication, we are referring to a field of knowledge that has only recently been cultivated under this name. In the last twenty-five years the subject has grown with remarkable exuberance, and has drawn upon specialists from an extraordinarily large number of disciplines. Political science, sociology, psychology, and related social sciences have, of course, played a prominent role in this evolution. But this enumeration gives only a bare indication of what has been happening. Anthropologists, linguists, historians of arts and letters, librarians, critics, journalists, educators, specialists on public speaking, specialists on adver-

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tising, market research, and employee relations have all contributed something from their special viewpoints. Logicians have had a great impact on communication studies, and more recently mathematicians, neurologists, and engineers have introduced a revolutionizing influence on the subject. Many young people are being drawn into communication research and have the sense of excitement that comes with the opening of a new frontier of intellectual development.

The study of world politics will be strengthened by discovering how to perfect the methods for the observation and analysis of current developments. In the past, serious research in diplomacy has typically begun many years after the event. The desirability of research on the current historical process has often been recognized, but it is only with the growth of sampling methods that it begins to be feasible to think of a practicable program of self-observation on a world scale. Since research on communication has developed in close association with the theory and practice of sampling, specialists in this area can supply guidance in designing the most economical use of manpower and facilities in perfecting the institutions of contemporaneous self-observation.

Studies of communication will undoubtedly have a profound impact upon theoretical formulation pertaining to the political and social process. It will be necessary to consider the operational meaning to be given to categories employed in social theory. Terms like "ideology," "power," "law," "opinion," "culture and subculture," for example, must be defined in such a way that they are useful in describing human interactions as they actually occur in the processes of communication. This represents a vast reassessment of the intellectual tools of the social scientist.

This sharpening of the categories and operational definitions of social theory will also influence the formulations of hypotheses for investigation.

The improvement made in the theoretical models of social theory, together with the development of a better substantiated body of hypotheses, cannot fail to affect the study of past situations as well as the study of the present. One of the most proba-

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ble results of close association with communication research will be the application to the past of many of the procedures devised in connection with communication studies. While it is true that we cannot interview the dead, we can use the methods of content analysis, for example, to improve the comparability of historical data. From such historical research we expect to intensify our knowledge of the predispositions that are still operating in world politics and communication.

The improved synchronization of intellectual effort between the student of world politics and the student of communication can be expected not only to improve scholarship, but also to exert at least some degree of influence upon the methods of thought that prevail among policy advisors, and possibly among decision-makers themselves.

These forecasts may not prove to be accurate in detail. We are broadly confident, however, of the enormous importance of the present opportunity for research in international communication.

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Review Articles

AN ADMINISTRATIVE TANGLE

By HAROLD STEIN

Herbert Feis, *The China Tangle: The American Effort in China from Pearl Harbor to the Marshall Mission*, Princeton, N.J., Princeton University Press, 1953, 445 pp. $6.00.

IN HIS foreword to *The China Tangle*, Mr. Feis describes his work in these words:

> This is an attempt to tell what the American government tried to do in and with China during the war and the critical period of peacemaking. The opening part is concerned with the grim effort to sustain Chinese resistance, marking the decisions and strains which influenced later events in ways not clearly foreseen. From this theater of war, the story broadens out in the determination of China's future place in the Pacific, the contest between the Chinese government and the Chinese Communists, and the worried American diplomatic exertions at Moscow, Cairo, Teheran, Yalta, Potsdam, and beyond to carry out the concept of the United Nations in the Pacific. This regrettably makes a tale of crumpled hopes and plans that went awry.

Such is the tale, told eloquently, in an assiduously dispassionate manner, yet neither vapidly nor uncritically, cumulatively dismal in its effect on the reader. The ending is no ending; the book stops halfway before the tragic close—the expulsion of the Chinese Nationalist government from the mainland—almost as if the author wished to avert his eyes from the second four years of full frustration and defeat.

To other reviewers—China experts, new and old, wise before or after the event—can fall the task of deciding whether another scenario for this first act—conceivable or feasible, within or without the context of our actual grand strategy of the war and plans for the peace—would have led to a happy ending, whether indeed the sense of inevitably impending doom that pervades these pages is a reflection of the author's knowledge and wisdom,

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or of his ignorance or prejudice. Suffice it for purposes of these reflections that the ways and means of developing and executing our China policy from 1941 to 1945 are laid before us by Mr. Feis in some detail; they deserve examination in their own right, as examples of how the affairs of a great government were in fact conducted, and, in no inconsiderable extent, of how they should not be conducted. Mr. Feis's account has all the earmarks of accuracy, consistency, and objectivity; the following comments on the effects of our administrative arrangements on the conduct of our China policy are based entirely on Mr. Feis's work. No attempt has been made to reassess the data he sets forth.

Let us first look at the Americans in China. General Stilwell departed on his mission in February 1942 to become chief of staff to Generalissimo Chiang Kai-shek (a confusing assignment at best), commander in the field of such Chinese armies as might be assigned to him from time to time, and trainer of Chinese forces; and field commander in Burma, commanding Chinese, American, and British forces under the over-all command of a British general. In China he was also commanding general of all American forces, mostly supply troops and air forces, although, as will be seen, his subordinate, General Chennault, our air commander, had something close to independence of action. General Stilwell also had the last word in the theater on the disposition of U.S. supplies, though here he was limited by directives from the Joint Chiefs of Staff, and, naturally, by what he received—always less than what was needed and always less than what was promised.

The CBI (China-Burma-India) was always a minor and comparatively neglected theater of war and Stilwell's role, even his potential role, was minor in comparison with Eisenhower's and MacArthur's; but, paradoxically, his task was more complex than theirs. He was involved, as they were, in coalition warfare with all its difficulties, but he suffered as they did not from being simultaneously a direct subordinate of a general of another nation and of the chief of another state. He was more immediately involved himself in both field campaigning and in training than

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either of them; and his every move was conditioned by the political affairs of the Chinese government. General Eisenhower has written about his own political anxieties (the Strasbourg incident is an example), but except in one or two very minor episodes, he never faced the problem that Stilwell faced almost every day, that of having troops pulled out from under him. And with inadequate supplies, and these political difficulties, Stilwell was supposed to open a land route through Burma, conduct a strategic bombing offensive against Japan, create a strong Chinese army, and maintain pressure against Japanese forces in China.

President Roosevelt, the War Department, and the Joint Chiefs of Staff were responsible for this organizational cobweb and these overloaded objectives. They were, presumably, not unaware that Stilwell's road would be rocky, but they had intractable problems of their own to take into account: Britain's unassailable claim for command in India and Burma, Chiang Kai-shek's in China, the needs of the war against Japan as seen in 1942 and 1943, and our goal of a free, democratic, strong, and united China.

Stilwell seemed, on the record, the right man for the job. He had had long service in China, and was the only American officer of high rank who spoke Chinese; and he was a fighter, as the phrase goes. The record was incomplete, or misleading. Cranky and harshly critical, his love of China led him to take all too personally the defects of the Chinese government; his zeal for combat made him insensitive to, even contemptuous of, Chiang's political difficulties. He sought oversimplified solutions: don't let political considerations interfere with war (what may be termed the doctrine of pure war, subscribed to by many other American generals as well), maintain full command over all military resources in China. To secure effective cooperation from Chiang during the war required the services of a diplomat in or out of uniform; to fight in Burma required the services of a tough and hard-bitten commander. Stilwell succeeded in Burma, failed in China; his successor, Wedemeyer, succeeded, comparatively speaking, in China—but he had no responsibility for

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Burma, indeed, no command responsibility over Chinese troops. Wedemeyer too had served in China, but he managed to preserve a sense of detachment from the struggling forces in that country.

Throughout the two years of Stilwell's mission, he and Chennault were on bad terms, a fact that the War Department noted and deplored, but endured. The dissension was partly over strategy, partly a matter of personality, partly also of differing kinds of involvement and commitment. Stilwell, an old China hand, had apparently deep affection and respect for the Chinese common soldier and was anxious to build a fine, well-trained, well-equipped Chinese army; he had, as has been said, no love for the Chinese government. Chennault, on the other hand, also an old China hand, had served as an employee of the Chinese government for several years, had created the American Volunteer Group for China and the Chinese government, and was on terms of intimate friendship with the Generalissimo and with many other Chinese officials. Strife between the generals was inevitable.

The struggle was not confined to War Department channels. The Chinese government acted with great pleasure as Chennault's direct pipeline to the White House, passing on Chennault's ideas and hopes and complaints through such people as T. V. Soong to Harry Hopkins and the President. Chennault's views were also conveyed to the White House by his assistant, Mr. Joseph Alsop; and on at least one occasion Chennault wrote to the President himself, with Wendell Willkie acting as courier. Stilwell seems to have confined his written communications to his immediate superiors, General Marshall and Secretary Stimson (though he talked, on occasion, not wisely but too well); but he too had staff assistants, civilians, who had other channels.

These civilian advisers complicated affairs in China for our government in remarkable and, one must add, deplorable fashion. Sent out to assist Stilwell were teams from a number of government agencies—OSS, OWI, the Treasury, and the like—and in spite of protocols and treaties they were never welded into a single team; they squabbled in China as their bosses

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squabbled in Washington. They were prolific letter writers and kept a flow of correspondence and cables going back to their respective agencies. Much of it was, if not pro-Stilwell, anti-Chiang Kai-shek; but, from Mr. Feis's account, the total impact of these miscellaneous officials, whatever their motives, was not significant. Far more important than the economists, publicists, *et al.*, were Stilwell's political advisers—a group of Foreign Service officers. These young men—almost all of them were young—somewhat like their superior, Stilwell, had an extremely ambiguous role to play. They were on detail from the Embassy, where for the first part of Stilwell's mission Ambassador Gauss was in charge, but they were not under the Ambassador's direction. He frequently agreed with their views, transmitted their communications with suitable comment, but had no responsibility for their actions. He had one run-in with them, settled the question of their access to Embassy files, and worried about them no more. Stilwell himself used them for his own purposes but gave them remarkable autonomy. They were free to roam and did. Their reports were circulated widely through the Embassy and State Department, to other embassies and government agencies, and to Harry Hopkins in the White House and thence occasionally to the President himself. Almost all of these men had had previous China service. In fact, most of them—and this included Gauss at the Embassy, and most of those dealing with China in the Department—had had almost no significant service outside of China or Chinese affairs; indeed, two of the group in China had even been born in that country. They were deeply involved in Chinese problems, deeply concerned for Chinese welfare. For all their talents and seriousness of purpose, they helped to create our China tangle. As a group, they tended to share the contemptuous impatience of the old China hand for anyone not a member of the cult. Neither Stilwell nor Wedemeyer cared to exercise effective supervision over them. When Hurley, as the President's special representative, tried to bring them under control, they were unruly and uncooperative. The bureaucratic restraints had become unhinged; and when Hurley became Ambassador and had them assigned to his own staff, he

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was unable to create a responsive and responsible working group. The fault was certainly not all on one side, but the demoralizing effects of working with the military on a semi-autonomous basis, of overspecialization and cultism, of access to the White House outside hierarchical lines were perceptible and deleterious.

Intruding in these circles from time to time were high emissaries from Washington, sent out to cheer up Chiang Kai-shek, to improve relations between Stilwell and his American, Chinese, and British associates, and to ginger up the fight against the Japanese. Some were military men, others civilians, but these were birds of passage; they contributed to the isolation of the State Department in Washington and Gauss in China, but made no great impression on the scene. The crisis in the American tangle in China was created by the mission of General Patrick Hurley. Hurley, recommended for his mission as personal representative of the President by the War Department, almost from the beginning resented the free-wheeling activities of Stilwell's political advisers. His efforts to create a united and loyal team, as has been said, which began then and which continued more energetically after he was named Ambassador, proved fruitless. The Foreign Service officers and other civilians did not respect him and they were all too set in their happy and somewhat irresponsible autonomy; the example of the fundamentally, if not technically, insubordinate Chennault was large on the horizon. The whole hierarchical structure in both the military and the Foreign Service in the Far East failed to operate. Eventually, when Stilwell and Chennault departed, Wedemeyer, in his limited role, seems to have brought all the military under pretty firm control, but the civilians remained undisturbed. Hurley himself, with his abounding optimism, kept trying to square the circle, i.e., to have Chiang and the Communists make peace amicably. While trying to do so, he moved by degrees from a belief that he was not being properly assisted, to a conviction that he was being undercut, and finally to an assumption that the people on his staff and some of the people at home were traitors to him, and even to the United States.

Mr. Feis apparently remains unconvinced of General Hurley's

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most serious charges against the Foreign Service officers, both in the Department and in the Far East, though he does note their bureaucratic derelictions; he refers only in passing to the disgraceful *Amerasia* case, but he does cite the gross indiscretion of the one Foreign Service officer involved in that sordid affair. In sum, however, the deficiencies he reveals are organizational and procedural, and the effect of inadequate training and judgment. On these counts, General Hurley himself, for similar reasons, appears to have been housed in glass. Students of public opinion may well ponder the fact that Hurley, who made much of his friendship with Chou En-lai, put complete faith in Stalin's promises, denied that the Chinese Communists were really Communists, and (like Henry Wallace a little later) asserted that our role was to mediate between British and Communist imperialism, is now highly honored, and the bureaucrats with whom he squabbled, dishonored. Perhaps he gained favor because he bound himself and the United States more closely to Chiang Kai-shek, and showed less concern over the shortcomings of the Nationalist government; perhaps also because the pot's darkness is forgiven if it calls the kettle black quick enough.

The situation in Washington, like affairs in China, was confused. Here, too, our government failed in the elementary duty of establishing unity of policy and preserving a united front to our friends, as well as to our enemies. Chinese citizens, unofficial and official, wove in and out of the State Department, the White House, the Treasury, and elsewhere, bearing tidings from Americans and Chinese in China, concerning themselves with the making of American policy. For most of the period, the State Department seems to have been little more than a place where people wrote each other gloomy memoranda; it acted as spokesman for the government of China in a hopeless and sometimes silly way (the War Department was pressed at one point to admit the Chinese to the Combined Chiefs of Staff), and bemoaned its isolation and its ignorance of what was going on in the world.

The War Department's role was limited but important, and on the whole unsatisfactory. Marshall and Stimson, impressed by Stilwell's integrity and devotion and by his performance as a

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field commander, were blind to his failures as a political representative of the United States government. Fairly early, President Roosevelt had the sound instinct that Stilwell, for all his virtues, would not do, but over and over he was persuaded by Marshall and Stimson (and Admiral King, as well) to keep Stilwell on. Marshall and Stimson, agreeing with Stilwell, sought to correct the obviously unsatisfactory situation by having Chiang Kai-shek give Stilwell the kind of power that no sovereign can give to a general of another nationality; organizational confusion and overinvolvement were to be cured by more involvement. Not until the final blow-up—the recall of both Stilwell and Chennault—and then only under President Roosevelt's guidance, did they reverse the direction of their efforts. Under the new arrangement, as has been noted, Wedemeyer, as Stilwell's successor, had no responsibility in Burma and India, and no command responsibility over Chinese troops; this new plan, by promising less, produced more.

To return to Marshall and Stimson: they supported Stilwell again and again when his relief was recommended by such diverse persons as Lauchlin Currie of the White House staff, the Vice President, General Sir Alan Brooke, and T. V. Soong; but they did not support him effectively in his struggles with his subordinate, General Chennault. Indeed, they encouraged dissension by inviting Stilwell and Chennault to come like two lawyers to argue their case before the Combined Chiefs of Staff. Beyond this, they failed to make sure that the appropriate civilian authorities in the State Department and in China were made aware of the changed strategy in China and its significance for Chinese affairs. For though in 1944 they abandoned the idea of using China as a base of operations in the war against Japan, our efforts to push Chiang toward more energetic military action against the Japanese forces went on unabated.

Finally, the White House. The chief problem here was a quite simple one. So far as China was concerned, President Roosevelt was in effect Secretary of State and Harry Hopkins his deputy. It is not at all clear that President Roosevelt's grasp of the large necessities of the Far East was any worse than anyone

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else's, but it is quite clear that the effective formulation and execution of the policies he had in mind were dependent on adequate staff work not possible within the White House. The development of the Yalta agreement is very much a case in point.

Mr. Feis discusses the Far Eastern clauses of the Yalta agreement and their making at length. The large questions of high policy—what could or should have been done substantively—can be left to others for comment; three points may be noted on the management of the conference.

First: it was a conference in which the three great officers of state dealt with each other directly, and in part, at least, converted the negotiations from bureaucratic maneuvering to discussions in which personality and the willingness to assume personal responsibility had some significance in affecting the course of decision. This kind of conference, dear to the hearts of both Roosevelt and Churchill, seems to this reviewer essential on occasion, particularly in war; there are times when the men with the final authority must reach agreements.

Second: if there is to be a conference of principals, elementary prudence requires that the principals be adequately prepared; here the American arrangements were seriously defective. Stettinius, by then Secretary of State, was himself uninformed, and played a very minor part. The President (who was tired and impatient) relied for advice, information, and other help on his military advisers, on Hopkins (who was ill), and on Harriman; but while the latter two—and the President, also—were extraordinarily knowledgeable, they did not have the benefit (on Far Eastern matters) of a solid underpinning of prior staff work. All the work of the State Department, some of which could have been extremely useful, was thus never effectively brought to bear at the conference, nor was there any prior preparation. Some, if not all, of the lamentable imprecision in the drafting of the Far Eastern clauses might well have been avoided if the State Department staff had been permitted to assist.

The third respect in which the handling of the Yalta conference is remarkable (but unfortunately not unique) was the secrecy which surrounded its agreements. The quite unneces-

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sary secrecy about the voting arrangements in the United Nations flared back in American public opinion to discredit the whole conference. The secrecy about the Far Eastern provisions was, of course, essential at the moment, though the debate about them would have been far less rancorous if they had been made public at the time, or soon thereafter. But, even accepting the fact that the provisions could not then be made public, they could have been revealed to Chiang Kai-shek far earlier than they actually were, to the benefit of our relations, and they should have been revealed to the State Department. Acting in ignorance, the Department acted in error; and the effects of the exclusion on morale in the Department, though not stated, may be imagined.

The demoralization that results from working in a vacuum was also being produced in a quite different way, for, as has been indicated, there were direct and irregular lines of communication to the White House from departmental subordinates (in China, and occasionally in Washington) that affected departmental integrity and responsibility. The cause for this state of affairs is not far to seek. Secretary Hull's very real talents, such as he displayed in his notable negotiations with the Japanese before Pearl Harbor, were of no use in this situation. His own successful effort to negotiate the treaty abolishing extraterritorial rights in China would have made magnificent icing for the cake, if the cake had ever been baked. President Roosevelt, apparently aware of Hull's limitations, which increased with age and illness, deeply bothered by the feud between Hull and Welles (itself caused in part, no doubt, by the President's preference for Welles), and feeling, for a variety of reasons, no doubt some of them compelling ones indeed, that he must retain Hull, merely ignored him. (Stettinius for different reasons was effectively ignored also.) It can be argued that the Senate's acceptance of the United Nations and other important matters was bought at the price of retaining Hull. The over-all gain may thus justify the payment; but the losses were not negligible and should not be overlooked.

A few bright spots do appear. There is a pleasant picture of

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Mr. Morgenthau flatly overruling the advice of his staff because he felt that the honor of the United States was at stake. (This, incidentally, is the only bright spot in the account of our fruitless attempts to bolster the steadily collapsing economy of China.) Another is the almost impeccable flow of wise counsel and acute analysis from Ambassador Harriman in Moscow and his assistant, Mr. George Kennan; but the failure to make effective use of this counsel is painfully evident. One of the functions of an organization is to serve as a communicator of information and judgment to the members of the organization, and to ensure that actions conform with policy based on information and judgment. This function the State Department failed to perform. It was bad enough that Ambassador Hurley, an amateur, was convinced that Stalin's motives were spotless in respect to China, and was equally convinced that the Chinese Communists were no more than agrarian reformers and merely a not very strong dissident group who could, if properly handled, be brought back into the fold of the Nationalist government. This was bad, but it was far more serious that our professional Foreign Service officers in China also misread the aims and driving dynamism of the Chinese Communists. Some of them, at least, did not underestimate the power of the Communist government and armies, but even they assumed that the Communists might be brought to be friendly with us rather than with Russia. Whether this kind of Titoism-before-Tito was feasible or a mere pipe dream can be left to others to debate; but it is appropriate to observe here that those who made judgments of this kind had not been trained in any solid understanding of world Communism and of Russia's willingness and readiness to aid and capitalize on Communist successes in neighboring nations. This ignorance, this unawareness on the part of professional diplomats, was not their fault as individuals—it was the fault of the Department. In the first place, as has been pointed out above, these Foreign Service officers were overspecialized: China was their world and most of them hardly realized that outside forces could affect the course of Chinese history except by the use of invading armies. The Department in its laudable at-

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tempt over the years to build up a sound China service had forgotten that overspecialization has its own dangers. There are techniques for overcoming these dangers, and they need not involve the abandonment of expertise, but these techniques—training and reassignment—had not been used. Secondly, the departmental organization did not work: somehow the information made available from Moscow should have been driven home in Chungking. It may have been sent there, in the form of copies of cables, but the vital significance was not pointed up. The vital significance was indeed not driven home in Washington. It may be said in extenuation that Churchill, too (to take a spectacular example), until the spring of 1945 willingly suspended disbelief in Russia's good faith—to adapt Coleridge's phrase—but Churchill was a political officer, not a professional diplomat. The ideal professional service gives full support to established policy without closing its own eyes.

To return to the bright spots. In March 1945, as Mr. Feis observes, the Assistant Secretary of War posed a significant question: "How large and what kind of army, air force, and navy would the American government be helping China to have after the defeat of Japan?" In the event, the shifting answers to this question proved futile; what is important for the student of administration is the body to which the query was addressed —SWNCC, the State, War, Navy Coordinating Committee. Here, for the first time in the China tale, we find military and civilian officers of our government dealing in systematic organized fashion with problems of mutual concern.

SWNCC was a precursor of the National Security Council: the China policies laboriously hammered out—or compromised —in SWNCC were imperfect, and, so far as one can tell, NSC policies have not always contained the sum of human wisdom. Nevertheless, while recognizing the incurable capacity of human beings for making mistakes, it seems reasonable to conclude that orderly and systematic review of politico-military problems by the responsible departments is more likely to produce sound policies than isolation and mere sporadic interchange of ideas. And for Foreign Service and military officers there is a special

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benefit in arrangements like SWNCC and NSC: a persistent characteristic of our diplomats has been to develop formulae that contain imprecise goals—e.g., "a democratic government"—without facing the consequences in action of such limiting conditions. A characteristic of our military officers has been to look on troop movements and other "military" matters as solely a function of the ultimate use of armed forces—war—and *a priori* not to be determined or even affected by "unstrategic" considerations. In SWNCC or NSC, these occupational biases are likely to collide, and their consequences must be faced before, rather than after, the event.

There is in Mr. Feis's tale one surprising hiatus: the very existence of Congress is almost ignored. At one point there is mention of Mme. Chiang's appearance before a joint session and, at another, of quick Congressional approval of a loan for China, but that is substantially all. No senator, no congressman is listed in the index. In startling contrast, a substantial part of the documentation consists of citations from the transcripts of three Congressional hearings (the relief of General MacArthur, State Department Loyalty, Institute of Pacific Relations) and from the China White Paper, issued by the State Department largely in defense or explanation of its policy after Congressional attack. No doubt, in the actual course of events there was some transmittal of information, some interchange of ideas; but the secrecy that is a concomitant of war inhibited full discussion, and, more important, the center of Congressional and public interest lay elsewhere—in the achievements of Eisenhower, MacArthur, Nimitz, Clark, Arnold, and in the battles of Washington. Naturally enough, the State Department, always hoping that matters would improve, was not anxious to play up a tale of "crumpled hopes and plans that went awry"; but the ultimate cost of reticence has been great.

The events of the postwar years in the Far East have been quite sufficient cause in themselves for dismay and anger; but these events could have been borne with greater fortitude and with less zeal to attribute all our ills to plots if Congress had been better informed of the deepening shadows as time passed on.

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It seems unlikely that Congress would have found solutions to the problems of China within the context of our grand strategy, even if asked. Thus, for example, while Congress might conceivably have grudgingly conceded the wisdom of diverting seven American divisions from General MacArthur to General Wedemeyer in August 1945—a move which, in the perhaps optimistic opinion of Joseph Alsop, "might have contained the Communists in Manchuria"—it would, I think, never have initiated such a move. But Congressional participation in the administration's perplexities would have made later recriminations less bitter.

All told, then, *The China Tangle* is depressing, provocative of gloomy reflections; all the more reason for searching for lessons. Those who cannot remember the past—a philosopher has said—are condemned to repeat it. How then can we learn from this sorry tale? Certainly not merely by asserting, as may perhaps be true, that China was doomed, regardless of what we did. While good sense and skill in the conduct of foreign affairs may not always produce the desired results, since the world is not our oyster to be opened with a twist of the knife and swallowed at a gulp, competence and wisdom have their own rewards within our country even when attainment falls short of the goal. Nor can the reflective analyst judge and reach conclusions without just regard for what is loosely called the climate of opinion. Misconduct can indeed be judged on its own demerits, but assessment of past shortsightedness may not overlook the climate of opinion that necessarily affected the thinking and limited the scope of action of those who now stand at the bar of history. Our possible moves in China were bounded by deep-seated attitudes: whatever the putative wisdom, for example, of urging Chiang to go into battle against the Communists in 1944, the American people would surely have repudiated any encouragement of "fratricidal warfare" at that time; whatever calculation of net gain might have suggested the desirability of massive American military intervention in the Chinese civil war in 1945, the policy would clearly have met overwhelming rejection at home, among the public and in Congress. Such

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attitudes change, and leadership can hasten the change, but, as Churchill has said, "Only one link in the chain of destiny can be handled at a time."

Within these circumscriptions of historical prudence, criticism may properly be advanced, for while larger considerations may also in the future require or seem to require the creation of new administrative tangles, the potential penalties should not be overlooked. The penalties paid in the development and execution of our China policy are all too visible. Some of the more obvious defects have been touched on in this review and may be stated in rule-of-thumb form as follows:

(1) There is a fairly sharp limit on the conflicting involvements to which one man may be usefully subjected; and the worse the tangle, the greater the need for a person who is flexible and capable of preserving his detachment.

(2) Active command in the field decreases a commander's psychological availability for political and diplomatic functions.

(3) If military forces are to be used for more than the purely tactical and strategic ends of warfare, the nature and limits of the proposed use must be clarified and determined at headquarters and not left to judgment in the field.

(4) The overspecialization of diplomats, especially if they receive ineffective guidance and supervision, tends to lead to their overinvolvement with the country of their specialization and to insensitivity to outside forces impinging on the country.

(5) Particularly for career officers of the government, autonomy without a defined mission and unsupervised authority to use irregular channels of communications tend to demoralize.

(6) The existence of competing government missions with diffusely controlled channels of communication leads to confusion, and subjects the making of national policy to intervention on the part of other countries.

(7) An organization must take the responsibility for ensuring that the implications of the information it receives are understood and taken into account not only at the center but throughout its offices.

(8) Knowledgeability on the part of a chief executive is not

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a sufficient substitute, particularly in delicate chores like legal drafting, for organized staff preparation and staff assistance.

(9) To keep a foreign office uninformed of decisions, even in wartime, is to ensure that diplomacy will err through corrigible ignorance.

(10) In a presidential system, failure to keep the legislature enlightened concerning a deteriorating situation leads in the end to bitterness and misunderstanding in the legislature and among the public.

(11) Organized and systematic joint consideration of problems that have both political and military implications seems essential for the effective development and execution of national policy.

It would be comforting to be able to add to these homely observations and maxims some prescription for a problem that we struggled with in China for four painful years, a problem that Mr. Feis neatly defines without solving: "There are few harder stunts of statesmanship than at one and the same time to sustain a foreign government and to alter it against its fears and inclinations." To which this reviewer, alas, can only add, "Amen."

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FASHION AND SOCIAL SCIENCE

By HERBERT GOLDHAMER

Karl W. Deutsch, *Nationalism and Social Communication: An Inquiry into the Foundations of Nationality*, published jointly by the Technology Press of the Massachusetts Institute of Technology and John Wiley & Sons, Inc., New York, 1953, pp. 292. $5.00.

SOCIAL science writings have one thing in common with products of the artistic spirit—they readily lend themselves to dating by their "stylistic" traits. This is not a preferred manner for dating scientific products. Science, like technology, is generally regarded as cumulative in its development. To the extent that this is so, it is possible to place a scientific work in its historical position by examining the stage of knowledge that it reveals. However, the store of social science knowledge grows very slowly indeed. The result is that much of social science impresses one as being modern more by virtue of various stylistic traits than by demonstrable additions to, or modifications of, our stock of substantive (or methodological) knowledge.

The work reviewed here is especially provocative of such reflections. It is certainly up-to-date. A number of the most modish tendencies in social science literature receive in it enthusiastic expression and endorsement: operationalism and conceptualization; quantification and measurement; mathematization and model construction; multidisciplinary "approach"; cybernetics and communication theory; learning theory.

Clearly, these are intellectual activities and interests that may pertinently—and necessarily—enter into a social science enterprise. If we describe them as modish, it is certainly not in order to imply that they are, as such, stylish irrelevancies. But sometimes, as in Professor Deutsch's volume, they are introduced more in the manner of magical wands than as scientific tools relevantly employed.

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I

Nationalism and Social Communication has as its object of analysis multinational or multilingual societies. It is interested in the process by which and the extent to which national groups assimilate one another or, conversely, become more differentiated. Assimilation is viewed as a product of urbanization and industrialism and of changes in the range, amount, and effectiveness of communication between different groups. Communication and, consequently, assimilation are impeded primarily by "discontinuity" and "unevenness"; these terms appear to refer to the non-random distribution in time and space of objects and events. The course of nationalist movements and conflicts and the national composition and control of states are interpreted as largely dependent upon the character of the assimilative process.

Substantive analysis of the principal theme of the work goes little beyond the position just sketched. The work is primarily programmatic and methodological. In his closing pages Professor Deutsch writes:

> As the summary shows, this is largely a book on research and methods of research. . . . The center of interest is in the research that has not yet been done and that could be done by the methods here suggested. . . . I have written this book about the need for more research, precisely because I do not believe that our present knowledge is sufficient for our needs (pp. 163-64).

The specific tools of Professor Deutsch's proposal for the study of nationalism and assimilation are a division of the population into several segments and the calculation of growth rates for these groups. The development and outcome of nationalist movements is conceived to be largely dependent on what happens, numerically, to these groups. The political consequences of these numerical variations are not, however, analyzed, nor does the research scheme itself embrace this ultimate stage of the investigation of nationalism.

Professor Deutsch does convey a sense of the importance of the problem in which he is interested. While it is difficult, as we shall see, to agree with many of the procedures adopted, his

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emphasis on the demographic changes affecting the status of national groups is a corrective to tendencies to ignore those aspects of the social world that do not fit readily into the dominating interest in the political and social relations of national groups. He has also assembled demographic materials for several countries which are presented in an extensive appendix. The volume is nonetheless unsatisfactory both as a stimulant and as a guide to research. This seems attributable in large measure to an excessive preoccupation with the apparatus and language of social science rather than with the social world. The remainder of the review will be largely an amplification of this last remark.

II

A. WORDS

Bernard Kasner has written that mathematics is the science that uses simple words for hard ideas. Social science runs the danger of being described as the science that uses hard words for simple ideas, or for somewhat obscure ideas.

For example, what is meant by "structure" in the following passages? Its meaning is apparently assumed to be self-evident, since no clarification is provided.

> The many serious attempts to utilize the other social sciences ran all too often into incompatibilities between the *structures* of the concepts used (p. 2; italics added).

> Many important aspects of nationalism are characterized by unevenness, inequality, relative discontinuity toward persons or things outside the national group. They are further characterized by relative immobilities, or slowness of mobility; by preferences or advantages in communications; and by *a considerable degree of structure* (p. 2; italics added).

> Our first task will be . . . to inquire to what extent empirical, intuitive, and qualitative insights into national consciousness and will are compatible with the quantitative and *structural approach* of our present analysis (pp. 139-40; italics added).

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A different example:

> If the *statistical weight* of standardized experience is large, and the weight of recalled information within the group is relatively small, and the *statistical weight* of feedback information about the group's peculiar responses is likewise small, then the responses of such a group would differ from the responses of other groups in the same situation by a *converging series*, until the remaining differences might fall below the threshold of political significance. This is the process of assimilation (pp. 91-92; italics added).

"Statistical weight" obviously has nothing to do with statistical weighting procedures; the author presumably wishes to say: if we measure standardized experience and find it large. . . . Or, more simply: if standardized experience is large. . . . "Converging series" (which has its counterpart in another passage in "diverging series") is borrowed from mathematics, where it has a quite precise meaning as the sum of a particular type of sequence. The passage cannot absorb this meaning, although one can perhaps guess what the phrase was intended to convey.

B. OBJECTIVES

It would be useful if Dr. Deutsch had stated more precisely what his objective was in particular parts of his work. For example:

> The fourth chapter states the *theory* of a people as a community of social communication (p. vi; italics added).

"Theory" is an overworked word. The fourth chapter *defines* a people as a community of social communication.

> Perhaps we may gain by attacking first a simpler aspect of the problem in the case of linguistic assimilation. How do large populations acquire a new language? How is an old language extinguished (p. 99)?

This is followed by a number of definitions and data on the number of people speaking Finnish and Swedish in Finland, German and Czech in Western Czechoslovakia, Gaelic in Scotland, English and various native languages in India. But the foregoing questions which appear to define the subsequent content of the chapter are scarcely touched on.

A section heading reads: "How Do Communication Habits Change?" (p. 90). There appears to be only one sentence in the

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section that bears with certainty on this question: "It is to the learning process that we must look for an answer" (p. 90).

C. CONCEPTS

Dr. Deutsch seems to derive most of his conceptual apparatus from an examination of the professional literature rather than from an examination of the social world. Of course, it is not necessary for a social scientist to start from scratch in ordering his observations of social reality. But, on the other hand, it is not possible to develop the conceptual tools for investigation of a problem area by means of a systematic looting of the conceptual thesaurus of social science. For example:

> To overcome these difficulties, we may have to search the existing social sciences for another set of concepts and methods of investigation (p. 2).
>
> Our task in this chapter will be to survey a group of social sciences in order to see whether some of their basic concepts cannot be brought into a pattern which might apply more effectively to the problems of nationality as a whole (p. 15).
>
> Looking for such concepts [that satisfy certain formal criteria], we may perhaps find them in the notion of communication. Processes of communication are the basis of the coherence of societies, cultures, and even of the personalities of individuals; and it may be worth while to see whether concepts of communication may not help us to understand the nature of peoples and of nations (p. 61).

A large part of the volume is consequently an accumulation of terms and definitions. Many of these are ill-defined and seem to fluctuate in meaning from context to context. Professor Deutsch writes: "No terminology should try to be more accurate than life" (p. 63). But it is precisely the value of concepts that they abstract elements or sets of attributes out of a more complex or varied reality. Max Weber makes the point very neatly: "Sharp differentiations of reality are often not possible, but then clear concepts are all the more necessary."

Professor Deutsch is not always familiar with the conceptions of social science that he reviews. Thus, for example, in discussing "community" and "society" he regrets that he "cannot use for this analysis the concept of community which a

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group of eminent social scientists have introduced from the field of biology. . . . Rarely shall we be interested in mere coexistence" (p. 66). The ecological conception of community to which this statement refers has, of course, nothing to do, either in biology or sociology, with "mere coexistence." As it happens, "community" in its ecological usage is very much what Professor Deutsch means when he speaks of society as being based on the division of labor, although he himself does not think that this is the case.

Many of the terms that are discussed are not shown to have application to or relevance for the later analysis of nationalism. This is particularly striking in the case of the third chapter on "Sovereignty and Politics: Centers and Areas of Power." There is little or nothing in the chapter that fulfills the expectations aroused by the subtitle and the omission of the chapter would not have affected the subsequent discussion.

Professor Deutsch is particularly insistent that:

> Each concept should be operational. It should be clearly specified in terms of possible observations or measurements, from which it is derived and by which it can be tested. In this it should go beyond a mere explanation which uses familiar images but which cannot be so tested (p. 60).

Operationalists have usefully emphasized the importance of specifying the operations by means of which the defined object can be identified. This increases the probability that different persons will identify the same object or the intended object. Professor Deutsch seems to suggest, however, that concepts should not only be reliable in the sense just indicated, but also valid:

> Each concept . . . should permit statements specific enough to exclude the possibility of certain observational data or results, so that, if these results are found, the concept clearly will have to be revised. The concept must not be so vague and elastic as to fit all conceivable empirical results (p. 60).

Surely this confuses the requirements for statistical hypotheses with those for concepts. As a result, the considerable amount of space devoted to "testing" concepts does not provide the much-needed clarification of the concepts that are introduced.

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D. ANALYSIS

Dr. Deutsch's scheme for research on nationalism proposes the calculation of growth rates for several segments of the population. This scheme raises a number of troublesome questions which can be illustrated by the following problem. The population of a country is divided into four groups. These four groups represent the possible combinations of two attributes: assimilated—differentiated (not assimilated); and mobilized—underlying (not mobilized). Mobilized means "mobilized for communication"—that is, participation in town life, industry and commerce, newspaper reading, etc. This division of the population leads to analytic difficulties. Thus group N is composed of those persons who are both assimilated and mobilized. Since assimilation is taken as equivalent to speaking the dominant language of the country, we find that the assimilated group N comprises (say, in eighteenth-century Finland) both those to whom Swedish is a native language and those Finns who have acquired it during their lifetime. Or, when English was the dominant language (in Professor Deutsch's meaning) in India, the assimilated group N comprises both the English in India and English-speaking Indians. For analytic purposes in the study of nationalism, this is a very awkward situation. It renders almost impossible any useful statement about group N and those remarks that Professor Deutsch does make about this group cannot be interpreted in a politically meaningful way because of its dual composition. What is surely required for political analysis is a separation of those speaking the dominant language into those to whom it is native (members of the politically dominant population) and those for whom it is an acquired language (members of the politically submerged population). For the study of nationalism the latter group is obviously of very great importance, but in Professor Deutsch's scheme it cannot be identified as a separate group, nor is its size given by the statistical operations recommended by Dr. Deutsch.

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E. INTERDISCIPLINARY COOPERATION

Cooperation and mutual borrowing among the social sciences are advantageous when they develop out of the intellectual requirements imposed by some specific scientific task. A good deal of cooperation and borrowing, on the other hand, have the character of fetishistic or ceremonial behavior. They seem to represent an impulsive insistence, motivated no doubt by the high interdependence of many aspects of the social world, to apply what is important in one social science to one's own work even when its application is only *pro forma.* The danger of this is that it may provide an agreeable sense of having solved a scientific difficulty when in fact no such solution has been effected.

We have already noted one form of interdisciplinary borrowing in discussing Professor Deutsch's survey of the concepts of various social sciences. An additional intrusion of the interest in interdisciplinary collaboration emerges in a statement of criteria to which "a description of the processes of nationalism and nationality" should conform:

> 4. The description should generally utilize the power of specialized disciplines and fit their findings within each field.
>
> 5. It should link the specialties so as to permit the transfer and recombination of their knowledge between different fields; and
>
> 6. It should, therefore, permit group attack on data too voluminous for one investigator (p. 61).

It is difficult to escape the impression that preoccupation with these extraneous—if not irrelevant—criteria displaces energy and attention from the criteria that a scientific description should be accurate, and useful for some scientific objective.

Learning theory and cybernetics receive particular attention in Professor Deutsch's work. The latter, where it does not produce misleading analogies, largely involves a preference for speaking of "input" instead of "experience," "signal" instead of "statement," "noise" for an interference with communication. In Dr. Deutsch's application of cybernetic conceptions the theoretical or substantive gain is not perceptible. The reviewer has the impression, however, that cybernetics has tended, through

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its discussion of feedback, to draw the attention of social scientists to the equilibrating and dynamic properties of systems when such attention was apparently not alerted by direct examination of the social world or by examples of dynamic systems in earlier economic, physical, and biological literature. Perhaps "feedback" has been able to do what less pungent language did not effect.

Throughout the volume Professor Deutsch leans rather heavily on learning theory or, rather, on an appeal to learning theory. Learning theory is said to explain the conditions under which national uniformity or diversity will result (p. vi). Also "national assimilation and differentiation were shown to be related to social learning, and some broad inferences from the general theory of learning were found applicable to these processes" (p. 162). This is scarcely plausible, since in fact learning theory in any admissible sense of the term is never discussed or applied. The terms "learning" and "social learning" occur quite frequently but simply to express the fact that a certain change has occurred or as a presumed explanation of such change. The closest the volume comes to a discussion of learning theory or the learning process is the following passage:

> The whole discussion thus far has been in terms of communication, and therefore quite one-sided. The process of learning can be described as a sequence of four steps: drive, cue, response, and reward. Communication can tell us very much about the stages of *cue* and *response*, but only very little about *drive* and *reward*. The facts which are decisive for these latter steps belong to the fields of other social sciences. In general terms they have to be discussed with the help of the findings of sociology and economics; in specific terms we need the facts of geography and history. This discussion would have to be carried on separately for each particular, and in some respects unique, situation. All we can do here and now is to suggest that the fundamental concepts of the several social sciences could be brought in such a relationship to each other that the methods of these different sciences can be applied in combination to each particular case (p. 96).

Interdisciplinary collaboration has, since the early 1930's, undoubtedly benefited American social science, but the recognition of its value seems to have led Dr. Deutsch to a self-imposed re-

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quirement to demonstrate that one is not willfully neglecting the contributions of neighboring disciplines.

F. METHODS

Since, as we noted earlier in the review, "the center of interest is in the research that has not yet been done and that could be done by the methods here suggested" (p. 163), a few final remarks on this score are relevant.

To a considerable extent, Professor Deutsch has eschewed the task which he set himself in an overoptimistic conviction that various scientific operations can be readily performed and require no more than an assurance to the reader that "well-known methods" are available for their achievement. For example:

> The contact balance [the ratio of outgroup to ingroup communication] can be measured quantitatively, at least in part, by the standard methods of social communications research (p. 132).
>
> . . . security can be measured by the methods which are used for the computation of risks in the field of insurance; finally, considerations of status and prestige can be investigated by the methods of group psychology and sociology (p. 133).
>
> If nationalism is correlated, as I suspect, with an increase in the value placed on individuals *as they are*, and with a decrease in the deference paid to internationally standardized culture patterns, and with the general decrease in the willingness to accept one's station in life as given, then all these correlations should be capable of being tested by well-known methods (p. 154).

It was certainly not to be expected that research procedures for these varied problems should be dealt with in the present volume. But surely the impression should not have been given that these tasks impose virtually no intellectual demands and represent routine accomplishments of social science for which ready-made procedures exist.

On the other hand, we find that the rather long-established practice of presenting a cross-tabulation of two variables on an X-Y grid is viewed not as routine, but as a novel development opening new opportunities:

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> At the moment, we may not have all the information [on mobilization and linguistic assimilation] which such a diagram could represent. Its eventual collection might be speeded, however, by the consideration that it is now possible to organize so many specific data and to present them in a single meaningful pattern that could be recognized at a glance (p. 114).

Dr. Deutsch's preoccupation with the language and apparatus of social science is a tendency difficult to avoid just because it appears so highly instrumental to a proper analysis of social reality. The important advances that have been made in the last generation in the technical and methodological sophistication of social science have as yet been imperfectly absorbed, but their existence creates, nonetheless, demands by the social scientist on himself and his colleagues which are sometimes, as in this volume, satisfied in a too precipitate and ill-considered manner.

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THE SYSTEMATIC ANALYSIS OF POLITICAL BIOGRAPHY

By MORRIS JANOWITZ

Hoover Institute Elite Studies, Stanford, Calif., Stanford University Press, 1952:

Harold D. Lasswell, Daniel Lerner, and C. Easton Rothwell, *The Comparative Study of Elites: An Introduction and Bibliography*, 72 pp. $1.25.

George K. Schueller, *The Politburo*, 79 pp. $1.25.

Daniel Lerner, *The Nazi Elite*, 112 pp. $1.50.

Maxwell E. Knight, *The German Executive: 1890-1933*, 52 pp. $1.00.

Robert C. North, *Kuomintang and Chinese Communist Elites*, 130 pp. $1.50.

BIOGRAPHICAL analysis has been a traditional device by which historians and social scientists have sought to relate changes in social structure to political developments. All too often, the richness of personal detail has been hung on a "great man" theory of history, without regard to the key leadership groups involved.

Professor Harold D. Lasswell, in his theoretical and empirical writings, has pioneered in the effort to systematize the biographical analysis of elite groups. One approach that Lasswell has been developing arises out of his concern with what might be called the social profile of an elite. In its simplest terms, Lasswell holds that "by learning the nature of the elite, we learn much about the nature of the society." The empirical task is to trace out changes in the distribution of crucial social and political characteristics of elites and counter-elites that will serve as indices of social and political change. The Hoover Institute Elite Studies represent a recent effort on a broad scale by his associates to collect data on elite groups within this framework.

These elite studies themselves are component parts of a broader research program on international relations derived from the point of view that "world revolution is under way dur-

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ing our epoch." Because of the objectives of the project, the research monographs which have been published to date deserve the most careful attention by all concerned with international relations.

In the introductory monograph, *The Comparative Study of Elites,* an explication of the social profile approach to elite behavior is presented. The approach involves first the creation of a series of formal criteria for identifying and sampling elite groups. Cabinets, politburos, top political party memberships are the main objects of interest and the time period extends from 1890 to 1950. The second step involves the collection of specific characteristics in the social profile of the members of elite groups. These characteristics tend to be objective measures of social position, social mobility, training, and previous political experience. Heavy reliance is placed on official directories as sources of information because of the relative ease with which data on significant members can be obtained from them. Third, a statistical computation of these characteristics is made as the basis for comparative analyses.

The central analytical problem lies in interpreting these characteristics in the light of the historical and national context from which the sample was drawn. The kinds of questions for which answers are sought in the various monographs relate to a description of "the direction, scope, and rate of passage of top political power during the twentieth century." How relevant are these social profile characteristics for explaining and predicting the behavior of the elite groups under investigation?

The guiding hypotheses will be familiar to those acquainted with Professor Lasswell's previous writings. Industrialization and the crises of industrialization are rapidly bringing new groups into political power. These elite groups frequently arise from the "new middle classes," and implied throughout the investigation is the question of their ability to develop and maintain democratic orientations and a constructive balance of power in international relations. Many of the diverse hypotheses might be summarized as seeking to explain why in recent history the democratization of the social origins and social recruitment of po-

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litical elites has not been accompanied by a democratization of elite attitude and behavior. Crucial to this orientation is the problem of the relationship of the political elites to other elites, especially the military.

The empirical data presented in the four substantive monographs vary in scope, detail, and elaborateness of analysis and interpretation. Full evaluation of their substantive relevance is beyond this reviewer and requires judgment by specialists in the specific historical and national contexts. *The Politburo,* by George K. Schueller, since it is confined to the twenty-seven who have served as its members, offers limited scope for this type of analysis, while the scantiness of the available data only serves to compound the difficulty. The monograph documents the well-known shift in the course of the evolution of the Soviet state from dominance by "brilliant young intellectual" leaders of middle-class background to "less colorful but efficient" administrators. The monograph is not concerned with the organizational arrangements by which these elite members exercise power or how such arrangements influence the recruitment of new members and the nature of the political conflict.

The Nazi Elite, by Daniel Lerner, is based on the Nazi *Who's Who* of 1934, *Das Führerlexikon.* As such, it provides a sample of Nazi party composition just after the achievement of victory. The findings supply additional documentation for an elaboration of the conclusion reached by Hans Gerth and others on the lower middle-class orientation of the Nazi Party. The analysis is carried out in terms of three crucial sub-groups, the Nazi propagandists ("alienated intellectuals"), the Nazi administrators ("rise of the plebeians"), and the Nazi coercers ("specialists in violence"). Suggestive differences and similarities are uncovered which can be linked to the crumbling social structure of the Weimar Republic. This monograph brings into sharp focus the tasks of comparative analysis. The question repeatedly arises: in what details would the social profile of the Nazis differ, let us say, from the German Communist Party elites? Undoubtedly, there would be striking similarities between the two which in turn would give greater meaning to the observed differences.

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In the monograph *The German Executive: 1890-1933*, by Maxwell E. Knight, sharp trends in the shifts of the geographical affiliation of German cabinet members are uncovered. The pattern indicates that under the monarchy, even after the Bismarck era, the government machinery was in the hands of the Protestant Northeast, the Junker belt, whereas after World War I it largely passed into the control of formerly peripheral and in part Catholic provinces (Rhinelanders and Bavarians). The preponderance of the Junker belt was not restored under Hitler. Successively, under the monarchy, the Weimar Republic, and the Nazis, the social composition and viability of the cabinet was changing. Reflecting the new political and administrative demands, for example, the concentration of lawyers declined markedly.

The monograph *Kuomintang and Chinese Communist Elites*, by Robert C. North, is probably the most elaborate of the series. Data on social characteristics are carefully related to the historical and national context. Suggestive comparisons are drawn between the Kuomintang and the Chinese Communist elites, and the author has sought to analyze the social profile of the Kuomintang in terms of the crucial internal cliques and factions.

Mr. North's central thesis is that initially both leadership groups were drawn predominantly from the same social strata: they were the sons of scholar-officials, businessmen, or landlords. In the ensuing economic disorganization, lower middle-class and peasant elements began to enter the hierarchies of both the Kuomintang and the Communist Party. However, the Kuomintang allowed itself to come under the domination of city-oriented leaders who in effect obtained personal advantages in economic pursuits. By contrast, the Communist Party continued its intellectual leadership orientation and its concern with the problems of rural village life.

There is an essential unity in these various monographs despite the variations in subject matter, availability of source material, and emphasis on interpretation. They all rest on similar underlying assumptions which warrant careful scrutiny.

First, there is the crucial assumption that an elite or a counter-

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elite has essentially a homogeneous social profile (and likewise a homogeneous psychological profile). It seems worthwhile to question this assumption despite its obvious meaningfulness and the amount of supporting data that is offered. In a recent paper on comparative civil-military relations,[1] the reviewer seeks to establish a distinction within the military elite between the military "leadership cadre" and the military "leadership nucleus." This distinction is but a special case of a general distinction between different functional levels within an elite. The military "leadership nucleus" is the very small group of prime leaders who hold the highest posts in the military establishment; the "leadership cadre" is the next segment below in the power and stratification hierarchy. There is no simple formal line of demarcation. The "leadership cadre" is composed of the specialists in the technical ends of the organization; and their position is achieved because of these skills. The "leadership nucleus" is oriented toward the broadest considerations, including innovation, self-scrutiny, and interrelations with other elites. These two groups may display markedly different social profiles and career lines. An understanding of the interaction and tension between these levels is crucial for the understanding of any elite.

Second, there is the assumption that formal criteria permit the delimitation of elite groups. Formal criteria of rank and position supply the initial point of departure; functional criteria, more difficult to obtain, are required for defining and redefining the membership. The social profiles of the core of advisors to leading politicians and of the selected public relations specialists who stand behind the top business leaders constitute functional sampling criteria. Likewise, there are those who need to be excluded despite their formal rank or station. They are those members of an elite group who represent the interest of the group without personally belonging to it.

Third, the effects of large-scale organization during periods of rapid social change have blurred the distinctions between

[1] Morris Janowitz, "The Professional Soldier and Political Power," Ann Arbor, Mich., University of Michigan, Institute of Public Administration, 1953, 53 pp.

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crucial elite groups. For example, there is the crucial movement of military officers, businessmen, and even journalists in and out of the Department of State. The ideal types of the public bureaucrat, the soldier, or the businessman do not necessarily remain clear-cut categories. Movement from one group to another is an important dimension of elite behavior, as is overlap in affiliation. Even more crucial, during periods of national crisis there is a strong tendency for bureaucratized elites to act indirectly in terms of personal cliques and factions. These cliques and factions cut across formal bureaucratic arrangements within and between nations, and cannot be identified merely by examining formal affiliations. Attitude and behavior identify these blocs and give fuller meaning to the data collected under the rubric of social profile. Almost all elite groups in the United States, for example, split in some fashion on their membership in the "Europe first" versus the "Asia first" coalition.

Fourth, the nucleus for formation of factions and cliques is often related less to an analysis of the social profile than to peculiar and powerful group experiences—attendance at a university during a specific intellectual period, participation in a certain military campaign, and so forth. The question can be put in its general form: are the characteristics considered in a specific elite study which follows this profile approach comprehensive enough to explain the elite group? Concern with specific categories for describing members of the elite may well, as is often the case in this series, obscure the historical process which molded the specific elite into an effective social group. Of course, we are still lagging behind in the mere accumulation of empirical data. Until additional elite groups are systematically compared, it is difficult to evaluate the explanatory relevance of different sets of elite characteristics. It is to be assumed that the Hoover Institute group will not terminate its prodigious labors without addressing itself to this matter.

In any case, self-conceptions, motivations, and ideological flexibility are equally relevant characteristics in the profile of an elite. Clearly, the categories that Lasswell himself has set forth

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in his earlier psychological writing, such as *Psychopathology and Politics,* cannot be overlooked.

For example, in attempting to understand the development of native Fascist movements and Communist groups in the United States, it appears that differences in the two counter-elites can be linked to differences in social class and place of origin of their leaders. The Fascist agitator comes from rural backgrounds and is of lower middle-class origin, while Communist organizers arise out of highly urbanized areas and somewhat higher social status groups. Yet, equally or more relevant in explaining aspects of these counter-elite groups are apparent differences in psychological reaction to authority. The Fascist agitator has been characterized in the past by such diffuse anti-authoritarianism as to prevent the formation of stable political groups; the Communist's rejection of authority appears to have been the rejection of status quo authority for rigid submission to the authority of organizational discipline.

Finally, throughout the series, analysis of the social profile tends to remain a method of description. The authors are well aware that their indices of political change which describe the elite groups must be integrated with technological, economic, and social factors for purposes of analysis. Unfortunately, few generalizations emerge. It is doubtful whether the analysis of the social characteristics of the members of an elite group is a broad enough base from which to proceed. Elites are organized, and these organizational arrangements are the crucial intervening dimensions for interpreting the political significance of elite group characteristics.

Nevertheless, the descriptive findings of elite studies cannot be ignored, as is done so often in traditional analysis of the international balance of power. Everyone today is concerned with elites, but there remains a strong tendency to attribute little or no explanatory relevance to behavior of elite groups *per se.* Their behavior is still viewed merely as a manifestation of underlying technological and social class relationships. It is abundantly clear that despite traditional methods in the study of interna-

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tional relations, the dynamics of elite formation are worthy of explicit and independent analysis. While there are few scholars who would deny this, there are equally few who in actuality proceed on this premise. The Hoover Institute Elite Studies are a bold demonstration of such an orientation.

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VIEWS OF ECONOMIC DEVELOPMENT

By FRANCIS G. OLANO

S. Herbert Frankel, *The Economic Impact on Under-developed Societies: Essays on International Investment and Social Change*, Cambridge, Mass., Harvard University Press, 1953, 179 pp. $3.25.

Ragnar Nurkse, *Problems of Capital Formation in Underdeveloped Countries*, New York, Oxford University Press, 1953. 163 pp. $3.00.

NOT long ago, in 1946, when an outstanding economist was invited to join the staff of the United Nations, in the new branch of Economic Development, he asked, "Economic development? What is that?" Since then, he has been working intensively on the subject, as have a great many others; and if, before 1945, very little had been written on economic development, by now the literature has assumed the proportions of a flood. Before the war, business cycles were indubitably the favorite subject of professional writing; now, certainly, it is economic development.

I

The main reason for this shift lies in a major change of attitude among the economically underdeveloped countries, which are no longer satisfied with their position in the world economic system. The dimensions of the change have been described best by John H. Williams:

> Throughout its history, international trade has played a leading role in economic growth and change. In modern times, it has been a process of growth from a center in which the countries outside the center have owed their development (and often their very existence) to the movement of factors, as well of goods, from the center; and the center countries have in turn owed their further development primarily to this movement. Such a world was inevitably heterogeneous, with countries in markedly different stages of development.[1]

The trade pattern of the nineteenth century was not only a device for the optimum allocation of given resources, but also an engine of growth originating in and radiating from the early

[1] *Economic Stability in a Changing World*, New York, 1953, p. 24.

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industrial centers to the periphery.[2] This system worked very well, in its fashion, so long as Britain and Western Europe were the economic centers and were highly adapted to this kind of development. For their own growth they required increasing production at the economic periphery; and from them emanated the sustained demand for foreign goods[3] and the capital which made peripheral expansion possible. The periphery was dependent on the center, in many cases politically as well as economically, but at least the system worked.

After the First World War, the United States became the principal economic center. With imports amounting to less than 5 per cent of the national income, this country depended far less on outside production, and its financial and banking system was not well adjusted to deal with foreign needs. Moreover, with the Great Depression of the 1930's, economic growth at the center came to a complete halt. During the interwar period, clearly, the old system ceased to work as well as it had before, both at the center and at the periphery. Since the war, economic growth has been resumed at the center as well as elsewhere. Indeed, the expansion at the center has been so enormous that the underdeveloped countries have, comparatively speaking, fallen behind. The difference between the wealthy and the poor countries seems to be increasing rather than diminishing; and the leaders of underdeveloped areas are dissatisfied with the progress they are making.

> The less developed countries, with their recently won sovereignty and their growing social welfare consciousness, often do not welcome the nineteenth-century kind of foreign investment, which they regard as "exploitation," a process of extraction at low cost of what the industrial countries wanted, while doing little or nothing toward creating a better-rounded economy and a better scale of living. Thus, the urge for a mixed economy collides with the world need for primary production.[4]

[2] These concepts of "economic center" and "economic periphery" are very helpful in the study of world economic development. To my knowledge first used by Dr. R. Prebisch in the early 1940's, they are also employed by Professors Nurkse (pp. 23, 83) and Frankel (p. 9).

[3] From 1870 to 1913, British imports amounted to between 29 and 38 per cent of the national income.

[4] Williams, *op. cit.*, p. 27.

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It is this irrevocable change in underlying conditions which is, unhappily, ignored by Professor Frankel. He feels nostalgia for the system of the nineteenth century and advocates a return to it.

> Mankind is once again on the march driven by the great disintegrating but also formative process of colonization which has always been the handmaid of civilization (p. 1).
>
> We must probe below the popularly entrenched terminology which differentiates unduly between the problems of economic development in parent and in daughter societies, in metropolitan and in colonial countries, in so-called developed and in so-called under-developed areas of the world. We must concentrate our attention on the basic forces of change which are common to all men (p. 11).
>
> The colonies and under-developed areas of the free world await re-integration into yet another, and greater, world economy which will give shelter once again to the emergence of new co-operant units of human endeavour irrespective of race, colour, and creed (p. 16).

This is a theory of economic development which could have been sustained with a sense of political reality some fifty years ago, but which is now hopelessly outdated.

II

Professor Frankel is highly critical of most of the literature on problems of economic development. He is inclined to think its definitions, reasoning, and conclusions superficial. This criticism, however, is often mere quibbling. For example, he dislikes all definitions of economic development:

> Many attempts have been made to define an "under-developed" country, region or community. All the definitions known to me leave much to be desired. The difficulty consists in the fact that while development is not necessarily a measurable it is always an evolutionary process. . . . Indeed, to speak of development, or lack of it, at all, is to assume that the society to which the term is applied is proceeding, or is failing to proceed, in a certain direction—towards a preconceived foreseeable goal or end. . . . Whether a society is regarded as economically developed or under-developed will depend, therefore, on the specific criteria of development applied by the observer, and the position occupied by him. They will vary according to whether the observers are within or outside the society; whether they are or are not also actors in it; whether they comprise the whole, a large, or a small part of

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> it; whether they apply criteria based on their own experience, or criteria borrowed from others; whether such criteria are based on the past, or rest on utopian conceptions of the unrevealed future; whether they appeal to the reason or judgment, or the whims or appetites of their fellow men; whether to the "lessons of history" or, like the prophets of old, to transcendental values and the word of God (p. 65).

This is, of course, true. But it is a truth which is irrelevant to the definition of economic development on which the large majority of economists and official spokesmen, in the economically mature as in the backward areas, are agreed. Much of Frankel's criticism—another example is what he has to say about national income aggregates—is of this kind of formal and mischievous subtlety. He is taking others to task for ignoring what they are taking for granted and expect everyone else to take for granted.

Some of his specific criticisms, however, are useful. No doubt, a great deal of sloppy and wishful thinking is revealed in the writings on, and plans for, economic development. His essay on the East African Groundnut Scheme deals incisively with the risks of grandiose plans. In this essay, as in other parts of the book, Frankel insists on two points which merit far more attention than they have hitherto received:

> The essence of the proposals affirmed that it was possible, desirable, and indeed urgently necessary, to do in five years what might normally be expected to take a generation or more. The reason for the belief in the possibility of so rapidly conquering the inevitable handicaps of time was based on a peculiar view of the process of economic development; namely, that capital can do anything; that it is only the lack of capital on the one hand, and of human volition on the other, which prevent human societies from converting a desert into an agricultural paradise (p. 145).

And further on he speaks again of ". . . the basic fallacy that capital has merely to be invested in order to create income in the future. All that capital provides, however, is what the past has created" (p. 149). And again: ". . . the belief (which I do not share) that development is merely a 'rational' process of social choice and hence that it is above all a question of social *will*, and determinate action based thereon, lies at the root of the outlook of the modern Western world" (p. 57). Yet, although economic

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growth is not necessarily generated by mere availability of capital or a mere act of will (whatever that is exactly), progress is impossible in their absence.[5]

III

Professor Nurkse's book is superb. It is concise, scholarly, realistic, and constructive. While the "do-gooder" may reject some of his analysis, or dislike it for its cool sobriety, it is never priggish.

It is a pleasure to see Nurkse take up a pet phrase like "the vicious circle of poverty" and give substance to it. Applying it to the problem of capital accumulation, he finds a circular relationship to exist on the side of demand as well as of supply. That it exists on the supply side is well known: a small capacity to save results from a low level of real income, this from a low level of productivity, this largely from a lack of capital, and lack of capital, finally, results from a small capacity to save (p. 5). The circle is complete. But the relationship prevails on the other side also:

> On the demand side, the inducement to invest may be low because of the small buying power of the people, which is due to their small real income, which again is due to low productivity. The low level of productivity, however, is a result of the small amount of capital used in production, which in its turn may be caused at least partly by the small inducement to invest (*ibid.*).

Nurkse is confident that the circle can be broken. "And once it is broken at any point, the very fact that the relation is circular tends to make for cumulative advance" (p. 11). The circle can become "beneficent." Taking as an example the problem of the lack of investment incentive when markets are small, Nurkse states:

> The difficulty caused by the small size of the market relates to individual investment incentives in any single line of production taken by itself. At least in principle, the difficulty vanishes in the case of a more

[5] For calling proper attention to some non-economic prerequisites of economic development, I wish to refer to a recent study, "Some Social Obstacles to Capital Formation in Underdeveloped Areas," by Marion J. Levy, Jr., of Princeton University, presented to the Conference on Capital Formation and Economic Growth held in New York, November 6-8, 1953, under the auspices of the National Bureau for Economic Research. This study, though studiously critical, is on the whole constructive and realistic.

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> or less synchronized application of capital to a wide range of different industries. Here is an escape from the deadlock; here the result is an over-all enlargement of the market (p. 11).

This seems to mean that in underdeveloped countries economic progress cannot be spontaneous or autonomic. Economic programing is indispensable. Even the International Bank for Reconstruction and Development insists for these countries on "a broad development program which looks ahead for a period of years, sets out major goals in production and investment, and provides a guide to government decisions on policy, on approximate magnitudes of public investment in different sectors of the economy, and on the choice and timing of individual projects."[6]

Of course, as Professor Frankel will warn, a development program is not enough by itself, and a bad and hasty program is worse than none. But it can hardly be maintained that a suitable program, no matter how difficult, is impossible.

Another important point considered by Professor Nurkse is the special difficulty found in backward countries as a consequence of their awareness of very high standards of living in advanced societies. Here is a source of real danger, for it ". . . is much easier to adopt superior consumption habits than improved production methods" (p. 62).

> The real trouble, from the view-point of capital supply, is that the growing disparity between the real income levels of different countries tends to lead in the poorer countries to increased consumption or attempts at increasing consumption, rather than to increased investment. At any rate it puts a brake on any increase in saving, as and when incomes and investment increase (p. 75).

Nurkse indeed realizes how difficult it is for governments in these countries to counteract this unfortunate disposition.

> The luxury import restrictions of the underdeveloped countries in the world today seem to represent, in the last analysis, a desperate effort to offset the handicap which the "demonstration effect" imposes on the poorer nations; an effort to isolate the local consumption pattern from that of the advanced countries and so to make possible more domestic saving and capital formation. This effort deserves our sympathy. The attraction of advanced living standards is an obstacle to the late-comers

[6] *Eighth Annual Report, 1952-1953*, Washington, D.C., 1953, p. 10.

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in economic development. No attempt to overcome this obstacle should be lightly condemned (p. 118).

The problem is all the more formidable because, as Professor Nurkse confirms, capital for development must be saved from national income. Even foreign gifts or loans, or improved terms of trade, do not lead automatically to new capital formation. They furnish an opportunity for investment, that is all.

> In all these cases capital formation depends on complementary domestic policies. External resources, even if they come in the most desirable forms, are not enough. They cannot automatically provide a solution to the problem of capital accumulation in backward areas. Domestic action is essential for the effective use of external contributions as well as for the tapping of potential domestic sources. There is no solution to the problem without steady and strenuous effort on the domestic front. In a sense, therefore, it all boils down to this: *capital is made at home* (pp. 140-141; italics added).

Of course, Nurkse does not deny or underrate the important, even essential, function of foreign investments or foreign aid:

> Foreign funds can certainly speed up the process and make it less arduous, less violently disruptive socially, and less likely to produce despotic forms of government. All this is widely appreciated, and I completely agree with it. Yet it is essential to reject the common notion that foreign capital is something like a panacea. In my view, what needs to be stressed above all is that external sources can scarcely make a significant contribution to economic growth unless there is complementary action on the home front (p. 141).

There is a great deal to be learned from Nurkse's sober analysis. Economists and statesmen in the advanced countries can learn that there are essential differences in the conditions of economic growth between their own countries and less fortunate societies. They may learn to admit as rational and necessary various measures which are useless or harmful if applied in industrialized countries. Economists and statesmen in underdeveloped nations, on the other hand, will be reassured that measures which they are now taking out of sheer necessity may be sound and logical. But they will also learn that there is no easy way to obtain higher standards of living. If they can ask, with justice, for external help from advanced countries, they must know that, without serious

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and difficult efforts at home, nothing but disappointment will be the result.

There are few more pressing and important problems today than the economic development of the underdeveloped countries. How these problems will be solved may decide the future political as well as economic complexion of the world. The dissatisfaction with economic backwardness is so strong that failure to progress will not be easily accepted anywhere. The chief question may well be this: will it prove possible for some, for many, for most underdeveloped countries to advance economically under conditions of relative, and perhaps improving, political freedom; or will progress be forced under totalitarian control? The masses in many underdeveloped areas do not understand this issue or are indifferent to it. Where leaders are pursuing the democratic course, they are facing heavy odds indeed. Full notice should be taken of this fact by privileged classes in the backward countries and, no less, by the leadership in the industrial and democratic nations.

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